MacMillan was rather unsympathetic: "it shows the weakness of the man that can't withhold in the middle of the season unless getting drunk . . . he has lost the confidence of his trade and I presume of his customers at Duluth." Two days later, Prime suddenly resigned.

This put the issue directly to John Sr., and his response was quite supportive but decisive in its action. He wrote Prime, "I was informed by Mr. Lindahl . . . that you tendered your resignation. Under the circumstances, there is nothing else to do but accept it." In this letter, he urged Prime to come to Minneapolis to talk the issue through with him. On the same day, he wrote Lindahl, "It seems too bad to let a man as valuable as he has been go completely to the dogs, and if there is anything we can do to save him, I want to do it. Of course we cannot let things go, though, the way they have been lately." At this point, MacMillan felt it wise to inform W. W. and wrote the same day, "I am sending you a copy of a letter which I've written Prime. This puts the matter in such shape that if he wants to get back, he has got to come down here and make some kind of arrangements. . . . If he will take the Keeley cure and give us his word of honor that he will not touch liquor, I would like to give him one more chance." W. W. immediately replied, "It is all right and the proper thing to do and the only thing to do."[50]

Fortunately, Prime accepted the invitation. John Sr. encouraged Prime to seek professional help, and Prime agreed. MacMillan made it clear, however, that this was the "one chance." Within a few days Prime was back on the job. MacMillan wrote W. W., "Prime came down last Saturday and I had a long talk with him and told him we absolutely have nothing whatever to do with him further unless he took some cure . . . that we could not trust him and he could not trust himself, and that we could not be worried again like we have been twice within the last six months. . . . He realized it was imperative he do something, both on his own account, our account and his family's account . . . he, of course, realized this is absolutely his last chance." Lindahl agreed with all of this but wanted to take the occasion to tighten a number of Duluth office procedures; he wrote MacMillan, "If you take Prime back you also ought to insist on return to you of the Bly [barley] statements which I believe he has copies of for years back which he *has no right to*."[51]

John Sr.'s letter to W. W. Cargill was dated October 12, 1909, a letter that MacMillan must have been happy to have written, after a summer and fall of high tension with the Irwin matter and Prime's personal problems. W. W. had gone to Montana in late September to participate in a dedication of the Valier project, had fallen ill there (reported by the newspapers then as some form of acute gastrointestinal attack), and was recuperating at home in La Crosse. There were still nagging worries over the financial soundness of W. W.'s decisions and his siphoning off of assets to Montana

(Will Cargill being so persuasive). Cargill Elevator Company business, however, was beginning to look more optimistic in total—the 1909–1910 crop year, when it was finally concluded would show a profit of over $343,000.

Five days later, on October 17, 1909, W. W. Cargill suddenly died of pneumonia.

Lidgerwood, North Dakota

CHAPTER FOUR

W.W.'s Business Collapses

The death of the patriarch of the Cargill empire was not only a personal loss to both the Cargill and MacMillan families but also a business debacle. W. W. Cargill's name carried great confidence in credit circles. Had he lived, perhaps he, son Will and son-in-law John MacMillan, Sr., might have brought everything to a successful conclusion. As it was, snarls in his firm's affairs not clearly seen before his death became all too evident.

Cargill died at 64 years of age. He did not leave a will, so Wisconsin law applied.* The entire estate was to be passed on to his widow, Ellen ("Ella") Stowell Cargill. However, on March 23, 1910, Ellen Cargill also died (she was 56). The probate process for the W. W. Cargill estate was just beginning; the succession passed the estate to the four children. They were (in order of birth and with spouses):

William Samuel Cargill (Will), whose wife was Mary McMillan Cargill (married 1892)
Edna Cargill MacMillan, whose husband was John H. MacMillan, Sr. (married 1895)
Emma Cargill Hanchette, whose husband was Fred M. Hanchette (married 1897)
Austen Stowell Cargill, whose wife was Anne Ray Cargill (married 1913)

John Sr. was to join with Will Cargill and Frank P. Hixon (W. W.'s La Crosse lumberman friend) to serve as administrators of the estate. The three took their first look at the situation, as described in a certified statement by outside accountants as of November 1, 1909. It valued total assets of all of the W. W. Cargill enterprises at $6.7 million. But the future was not promising. The La Crosse & Southeastern Railway, though operating,

*There is a story that there *was* a will but that it was secretly destroyed by three of the four heirs. Since this undocumented event is given some credence in the John Work history of the Company, Work's text is reprinted in the appendix to this chapter. I found no other documentation for the story.

was producing only marginal revenues, and the ambitious Montana project was still under construction. In the Sawyer & Austin and Banner Lumber operations (carried by the accountants at $3 million of assets, "which amount we have been instructed to use for the present occasion"), there had been lower earnings after 1907, due partially to the Panic but more to inept on-site management. There was political unrest in Mexico; the Mexican representative reported "outbreaks . . . instigated by a class seeking chances to rob and plunder." This unrest made the Cargill timberland in the State of Chihuahua virtually unsalable for the moment. Extensive tracts of fir, spruce and hemlock in British Columbia in W. W.'s portfolio were potentially valuable, but access roads and on-site organization would be needed. So that, too, was another case of short-term illiquidity. Further, W. W. Cargill's own La Crosse grain company was limping, primarily because of drains from these other businesses and also because grain was no longer as profitable in southern Minnesota and Wisconsin.

Finally, the estate held one presently profitable asset which promised high expectations for the future. W. W. Cargill Company owned a dominant share (some 8,362 shares out of a total of 10,000) of the Cargill Elevator Company, W. W.'s Minneapolis-based organization.

Against all of these assets, whether realizable or not, was a mountain of debts. W. W. Cargill had borrowed right and left to finance these new projects—he had paper out everywhere. On the balance sheet, there was over $3.9 million in notes payable to outsiders in addition to those owed to Cargill Elevator Company. Further, the accountants attached a separate sheet listing additional contingent liabilities for endorsement of notes for over $1 million, two-thirds of which were for the Montana project. The extent of this side of W. W.'s balance sheet dumbfounded MacMillan. He wrote a friend in early November, "I knew nothing about the finances of La Crosse until about two weeks after Mr. Cargill's death . . . [he] used those companies as though they were personal matters."

One fact jumped out at the three administrators right away—W. W. Cargill Company could not promptly meet its obligations. The 1945 Cargill history, emphasizing the dramatic, indulged in a time-worn cliche: "It was, indeed, a shock—the name of Cargill had stood like the Rock of Gibraltar, and suddenly doubt was raised as to whether it could meet its obligations."

Essentially, there appeared to be two alternatives: (1) try to pay off all of the debts by liquidation of existing assets, manifestly a fire-sale alternative in that many of these assets would be difficult to force-sell; or (2) call the creditors together, explain the situation fully and ask for sufficient time to solve the host of dilemmas, thus not forcing liquidation upon the estate.

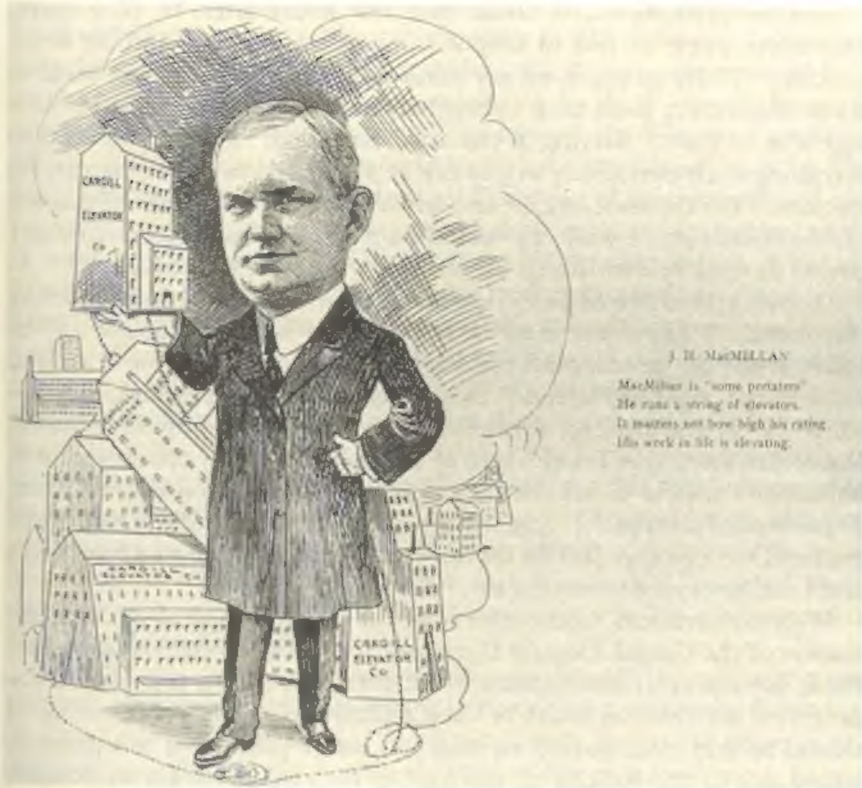
The estate administrators, under the aegis of the court, quickly approached the various creditors about the second alternative. To John Sr.'s

great relief, they agreed, in November 1909, to put their Cargill interests into the hands of a "Creditors' Committee," composed of Frank Hixon (the La Crosse lumberman who had arranged credit for the Texas endeavor of the MacMillan brothers),C. T. Jaffray (who was president of the prestigious First National Bank of Minneapolis) and Thomas F. Baxter (a member of the Boston firm of notebrokers, Bond & Goodwin, and a longtime friend of W. W. Cargill). Jaffray was elected chairman. Writing in his reminiscences in 1956, he recalled those first days of the Committee: "it was discovered that the Grain Firm of W. W. Cargill Company . . . was in trouble. Its President had been borrowing money through brokers and banks and did not enter it in the books. He was also buying properties in all sections of the country, including Mexico, British Columbia, Montana and Arkansas. Unfortunately for the company, this borrowed money was not shown as a liability until it reached a point where a showdown was inevitable."

Hixon became the most involved and was soon a powerful influence on John Sr. He later joined the board of Cargill Elevator Company and took a position as the vice president of the firm, although he remained in La Crosse and acted more as an advisor to John Sr.; he was not deeply immersed in the grain trading operations.

Will the Elevator Company Be Sacrificed?

The key to a positive outcome would have to lie in the one highly successful unit—the Cargill Elevator Company. John Sr. began to realize the extent of the threat to the Minneapolis enterprise, for not only were the debts of the estate daunting, but a further disturbing complication also began to surface. John Sr. learned that the agenda of one of the other administrators, son Will Cargill, would be a different one, likely continuing to draw money for the struggling Montana projects at the expense of Cargill Elevator. MacMillan told Fred Hanchette later, "the sincere sympathy everybody had for Mrs. Cargill, and her very strong and urgent requests for matters to be handled the way Will wanted them influenced the situation so very strongly . . . with the very kindliest of motives, the one serious mistake . . . was made right on the start." John Sr. sensed trouble, for since early December 1909, Mrs. Cargill had been telling other members of the Cargill family that "John was trying to get everything in his own hands." This had caused a cooling in the relationship between Edna MacMillan and her mother; the latter wrote Edna, "Your letter came to me this morning . . . you sent me no love for the first time in your life. My heart is breaking, breaking. Do you mean it? Tell me—oh God, what have I done." In early January 1910, John Sr. wrote in his diary of seeing family letters in which Ellen Cargill had said negative things about him.



From E. R. Buell, Just for Fun: A Port-folio of Cartoons 1915.

Timing was important in any case, for if creditors pulled their financing away from the elevator company, it would fail. The indispensable ingredient of the grain trade was extensive credit during that part of the "crop year" in the fall and winter when the merchant must accumulate inventory. Such funds were tendered on trust in the soundness of the Company's management and were to be paid back by receipts from sales later in the year. There could be unpleasant adverse effects if outsiders became fully apprised of the sea of red ink.[1]

It was fortuitous yet ironic that John Sr. had just expanded his credit sources beyond the Upper Midwest. Two months before, in early August 1909, MacMillan had consummated a credit arrangement with a New York City bank, the National Park Bank. An officer there had written John Sr. at that time, "We do not think you will find us niggardly in the amount of accommodation we shall be willing to extend to you during the crop moving period."

Terribly preoccupied in those first few weeks after W. W.'s death, MacMillan knew he had to keep his organization going, and he wrote Lindahl, "I have so much on my mind right now that I do not want to think of anything more than I absolutely have to . . . you look after your end of it up there." Staying in character, he added, "I think you want to run along as conservatively as you can so as to keep us all feeling easy all the time." On the same day, he also wrote Prime, about whom he did not feel as confident: "I wish you would continue to keep me posted every day, as to what you are doing. Of course I want to be kept advised."

Lindahl sensed MacMillan's desperation and in his usual optimistic way responded, "I know you must be terribly busy now, and please do not worry about us, we will push this business along some how or other and come out all right in the end." Prime, his confidence apparently now restored by his treatment for alcohol abuse, wanted to forge ahead in barley. MacMillan knew that Prime's love of buying good barley often made him bullish and unable to see the larger picture—thus the cautionary letter. Prime replied brusquely: "Just have your letter about pulling out of the market. Don't do this. Just let me carry out my plans. I can stand the strain and I will not lose a penny for us . . . keep your nerve."[2]

With the Creditors' Committee in place, John Sr. wrote all of the credit sources of the Cargill Elevator Company. The letter to the National Park Bank, for example, first explained the committee, then provided a few details on the financial health of Cargill Elevator Company. He ended, "I should be very glad, indeed, to have you assure yourself of this point by asking any of the bankers of this city or St. Paul—who are thoroughly advised of the whole situation." A letter came back three days later that confirmed John Sr.'s suspicion that many people would view all of the Cargill companies as one:

> We are glad to know that the condition of the Cargill Elevator Co. is so strong and that it is not in need of any financing; for the close association, the similarity of names and well known connections between the various companies will very naturally attract attention, and of course to your disadvantage. If you will permit me to offer a little unsolicited advice, I would suggest that the Cargill Elevator Co. send to its banking friends a very detailed signed statement of its condition. I would leave no item unexplained, nothing for any bank to write back and ask as to what is under this or that heading, and as soon as such a paper is sent out the better I think for all concerned.[3]

Right after the news of W. W. Cargill's death, MacMillan also contacted a number of Cargill Elevator Company debtors, urging them to be prompt on their payments. As he put it to an Iowa customer, "I am sure you will appreciate that, under the circumstances, your assurance that everything will be cleaned up by December 1st is a great favor to me, personally."[4]

As if notoriety among the financial community was not enough, a major news story came out in a Minneapolis paper in late December 1909 about John MacMillan, Sr., an event that under other circumstances would have had only positive implications, but in light of the W. W. Cargill disaster it was a revelation of mixed blessing. This related to a $500,000 insurance policy issued to Cargill Elevator Company on the life of John Sr. The Northwestern National Life Insurance Company of Minneapolis had just begun writing policies for "insuring capital against losses in practical men" (a news article's wording). The president of Northwestern had written MacMillan at this time about the new concept, mentioning that eight other insurance companies were part of the reinsurance provision of the policy. His wording in the MacMillan letter gave a clue to the insurance industry enthusiasm for new business: "The Metropolitan has been primarily an Industrial Company and, as nearly as I can analyze the situation, is utilizing this special competitive contract to butt in more strongly in what is known as ordinary business." Usually the fact that a corporation was enlightened enough to utilize the concept of insurance on key men would have been positive public relations. However, given the focus on the death of W. W. Cargill, a person certainly in that "practical man" category—but without such coverage—it was not a public announcement that MacMillan savored.[5]

John Sr. was not the only grain trader, incidentally, to utilize the new concept of "key-man" life insurance in favor of the company. According to Don Larson's book, *Land of the Giants*, Frank Peavey had taken such a policy in 1900 for $1 million, with the grain company as beneficiary. Larson reported that Peavey had paid only the first premium, $48,390, when he died (on December 1, 1901); "at the time it was issued there was only one in the country of a larger amount, and that belonged to the Eastern financier, George Vanderbilt."[6]

MacMillan fretted about the effect of the crisis on his own organization and wrote Lindahl a long letter on the same day that he had written the various banks. After spelling out the role of the Creditors' Committee, he ended with a poignant paragraph that scarcely hid his own apprehension: "This is not going to affect our Company at all. All the banks here and St. Paul and Duluth, understand the situation fully and are absolutely satisfied in every respect, as to our condition here. I want you to feel absolutely assured as to our own concern and have no uneasiness of any kind, as everything is absolutely all right and you can assure everybody to this effect. All our customers here have been seen and understand the situation so that I think it will make no difference whatever, as far as your business is concerned."[7]

In Duluth, business was good, and Lindahl wrote John Sr. a few days later, "I told Prime that he could cut loose and buy all the barley he wanted

to and we would see that there was room in the elevator to do it." Prime likely confirmed MacMillan's preconceptions when he wrote, "We are working under peculiar conditions at this point and of course you realize as well as I do it is impossible to be 'in and outers,' and conduct a successful business. We have got started in on this little game and we've got to see it through, but mark my words, we are going to come out all right. . . . If we could buy this stuff and turn around and sell it readily it would be a nice pretty business, but of course if it were possible to do this it would be nothing but child's play." One of Lindahl's favorite expressions fit again: "You can never make any money with bare floors."

Things did work out for Prime, and he exulted to MacMillan a few weeks later, "We have got all of our competitors here skinned to a frazzle." He repeated similar phraseology a week later:"We have our competitors whipped to a standstill." Although Prime's combative language may have disconcerted John Sr., the promise of results surely did not. Lindahl guessed that MacMillan might be worried about Prime's stability in this situation and penned a separate note: "Don't let this barley business here worry you one bit. All we have to do is to keep a stiff upper lip and we will come out alright."[8]

In those dark days for the Company in the early spring of 1910, even one of the employees stepped forward with help. N. C. Clark, who was Lindahl's office assistant (and later secretary for the Superior Terminal Elevator Company), wrote John MacMillan, "I have $2500 to loan for six months. If you can use it, please let me know what rate you would be willing to pay." MacMillan wrote back immediately, "We can use the $2500" and offered 5 percent interest. Clark accepted and paid the money in cash into the Cargill Commission Company account the following day.[9]

Although praising Prime's sharp trading, John Sr. still felt it necessary to write a few weeks later, "I want to continue the policy . . . of following the market rather than trying to force it. When we can make sales, then of course we want to do all the business we can, but when we find it impossible to make sales, it seems to me the part of wisdom to let the market sag off and let the other fellow take the loss." MacMillan also continued to urge Prime to "complete the treatment." Prime wrote back that he would do so "in late January" and meanwhile wanted to go down to Buffalo. MacMillan wrote back that such a trip was "a good plan" but added, "the only thing I feared was the kind of a crowd you have to mix with down there and the tremendous temptation you would necessarily get." Prime's alcohol treatment must have been effective, for there is no further evidence in any of the written records of continuing problems.[10]

It was ironic that Cargill Elevator Company continued to have routine requests from bankers about the credit-worthiness of other companies. For example, a New York banker wrote in late February 1910 about a milling company in Minneapolis, suggesting that if Cargill Elevator Company desired, it could use a code number for the reply. Instead, MacMillan used the name of the milling company and frankly stated his beliefs, which were positive.[11]

Selling Off Assets

The Creditors' Committee moved with alacrity on the properties. First, it canceled the W. W. Cargill debts to the Elevator Company, some $234,000, when the directors of the Elevator Company agreed to take over from the W. W. Cargill estate the latter's 34 remaining elevators and other miscellaneous warehouses and coal sheds. An option to do this had been given on November 1, 1909, just days after the death, and was officially accepted by the directors on August 9, 1910, after the Creditors' Committee had studied the proposal. Minority holdings in two lakers, the *America* and the *Brazil*, owned by the Reiss Coal Company of Sheboygan, Wisconsin, were also sold. In La Crosse, James B. Taylor took over the routine business for the rest of W. W.'s interests, under direction of John Sr. and the Creditors' Committee.[12]

Its second step was to sell the Sawyer & Austin Lumber Company's Pine Bluff, Arkansas, properties. This was a situation John MacMillan knew well. The 1945 Cargill history perhaps overstated one fact when it said, "a master stroke was Mr. MacMillan's decision to build a logging railroad [at a] location of such strategic importance that two great railway systems later found themselves in the position of having to bid for it." It *had* been sold for a tidy sum, but this occurred back in 1905. However, it did turn out that the Sawyer & Austin properties in Pine Bluff were worth considerable amounts, too, and these were sold in June 1911 to the Long-Bell Lumber Company, a Kansas City, Missouri organization, for $1.1 million. Substantial amounts of land already logged had been retained by Cargill and contracts began to be made to sell sections to individuals. The main St. Louis yards of the Banner Lumber Company were sold in October 1911 for $105,000. The Maplewood yard was retained to serve as a shell organization for collection of delinquent accounts.

John Sr., knowing of the bauxite on the property, also had the foresight to reserve the mineral rights. In early 1912, MacMillan negotiated a small bauxite mining contract with Superior Chemical Company and the following year a much larger contract with American Bauxite Company, an arrangement guaranteed by its parent, Aluminum Company of America. A highly favorable longer-term contract was negotiated, extending to 1922. The estate received $1.00 a ton, and American Bauxite agreed to take 15,000 tons in the first year, 50,000 for the second, 75,000 for the third and

Bauxite mining on Sawyer & Austin lands, Pine Bluff, Arkansas, 1913.

Log wagons on W. W. Cargill's Mexican timber property, Guageneachis, Chihuahua State, Mexico.

then 100,000 tons per year to the end of the contract. This arrangement later was a significant component in the final settlement of the W. W. Cargill affairs.[13]

It was too bad that W.W. Cargill was not alive to see this final chapter in the lumber company; "Mr. Cargill had invested in the lumber business despite the opposition of his life-long friend, Mr. F. P. Hixon," noted the 1945 history, and the lack of profitability after that initial involvement seemed to corroborate Hixon's view. Now there was vindication!

The Valier Morass

Meanwhile there was turbulence at Valier, which had become the most troublesome piece of the estate puzzle in terms of both financial demands and family stress. The 70,000 acres made available to potential settlers under the Carey Act provisions in October 1909 had seemed quite attractive to potential farmer-settlers, and W. M. Wayman, manager of the Conrad-Montana Land Company, the sales company for the land, wrote John MacMillan a few weeks later, "the land hunger is on and there is a great tendency of back to the farm." Indeed, there seemed at this point to be no problem in selling either the original tract of deeded land or a new, larger addition. Further, a sizable portion of the bonds already had been sold to finance these developments.

However, the W. W. Cargill death had occurred between the offering and Wayman's euphoric letter about land hunger. W. W., with his son Will, had been deeply immersed in these Valier plans, and large debts had been incurred in Will Cargill's own company set up for the construction, the Conrad Land & Water Company (CL&W), a partnership with his close friend, W. W. Withee. The contractor was owed large amounts, the Conrad family was due money for the original deeded land, and the partners were behind on payment of commissions to the sales company. The Creditors' Committee had some inklings of this as early as December 4, 1909, when John Sr. wrote one of the lawyers handling estate matters, "of course the . . . Committee realizes the mix-up in the affairs out there and are now going to insist on getting to the bottom"

By February 1910, with an inspection visit by a representative of the Creditors' Committee, the extent of the problem became evident. First, the amount of cash in the operation was almost depleted, despite the fact that proceeds of some $475,000 from the bonds showed on the books. "Money is apparently not considered," wrote the inspector, who particularly faulted Will's purchase of seven automobiles for the project. Next, a most startling fact came to light: Will and his partner, Withee, despite the worsening financial situation and without the knowledge of anyone in La

Crosse or Minneapolis, apparently had declared themselves a "dividend" of some of the land, in the town of Valier itself and along the railroad right-of-way. The exact details were not clear to the Creditors' Committee. While the estate's records on Valier were excellent, there seemed to be no records of the Cargill & Withee partnership, nor any personal or company letters to the family from Will Cargill himself on any of this.

The Creditors' Committee insisted on a meeting with Will Cargill and W. W. Withee in Chicago. It took place on March 3, 1910, and the two men were severed from involvement in the Conrad Land & Water Co.; the day-by-day management was then vested in W. C. Winton, the secretary-treasurer. John Sr. wrote in his diary of a surprising agreement that had been reached at this meeting, that "Withee should be paid a pension of $200 per month to keep away from Montana."

Further, the work of the contractor appeared to be faulty—the dam had sprung a leak in June 1910, and the ditches, too small and crooked to carry water and not carefully edged, were falling in. Worst of all, the water promised to come down those ditches to the farmers had not arrived. Not only was much of the construction work unfinished, but the rains, which had been ample in 1909, did not come in 1910. Nor were the farmers, under the terms of their land purchases, obligated to pay if water to their property was not forthcoming.

Winton was left to face the residual ill will of the settlers. He wrote MacMillan in early July that they were "demanding money back and damages on account of undelivery . . . of water . . . immediate steps [must] be taken, otherwise useless to try to make further land sales or collect any payments of interest or principal . . . either raise funds for completion or decide on terms upon which others may take it over . . . local sentiment bad, getting worse daily." A few days later he wrote again: "Our bank balances are practically nothing, and I am standing off creditors the best I can." The contractor, even though inept, pressed the receivers to liquidate so that he might be paid; the seller of the land expressed the same sentiments.[14]

However, there *were* substantial assets, although still to be proven profitable, just as in other parts of the W. W. Cargill estate. John MacMillan had seen a Valier potential from the start, and wrote Winton in May 1910, "it looks to me as though there would be at least $1,000,000 profit in the deal to a syndicate who would take hold of it and complete it." But the risk worried him; he wrote the Creditors' Committee in mid-June, "the land contracts and town sites, while perfectly good if the work is completed, are of very doubtful value should the Company fail to put water on these lands." John Sr. rushed out to Montana in early July in a renewed effort to forestall bankruptcy, in the process meeting Will. John Sr. wrote Edna: "At first he turned his head. . . . I stuck my hand directly in front

of him and he finally very gingerly shook it. He would only answer in monosyllables." Despite John Sr.'s pleadings, the contractor was adamant, and the company had to file for bankruptcy.

Even with this worsening scenario, MacMillan still wanted to keep the project alive and proposed to the receivers that they petition the court to permit the issuance of Receivers' Certificates, which were to have first lien on all property except the existing contracts for the bonds. A syndicate would presumably buy these, and the proceeds would be used to finish the project.

At a critical moment the project got an unexpected boost from the Carey Land Act Board of the state of Montana, which gave the project an extension to May 1, 1911, for finishing the irrigation and delivering water. Winton's letters showed visible relief. If the Board had not extended the time (thereby keeping in place the sellers' payment schedules), "the bondsmen would have been called upon to pay back a great deal of money . . . it will assist in easing the settlers' minds."

Will Cargill and W. W. Withee, meanwhile, had started another land development project some 250 miles southeast of Valier, near Billings (presumably Withee was endangering his "pension" by this act). Winton, warning MacMillan to "treat this as ***strictly confidential***," reported that "Cargill figures on putting his teams to work down there" and that Will was apparently again short of money, mortgaging some of his own property in Valier for funds for that new effort. No record remains of this second project; it seems probable that with the cash problems of the partners it was soon aborted.

By late fall 1910, at the request of the Creditors' Committee, an independent engineering report was completed for the Conrad Land & Water Company. A new developer/contractor had been hired, and the engineers gave him a positive recommendation—there could be success if their "legal, business, engineering and financial details" were carried out. They added, justifiably, "the past record of this Company in all these particulars has been very discreditable."

So a syndicate was proposed, with the W. W. Cargill Creditors' Committee (after personal urging by John Sr.) agreeing to provide $150,000 of the $600,000 estimated to be needed.[15] There was a momentary crisis at the last minute, when Will Cargill and Withee claimed a piece of the syndicate, holding that the property they had originally taken as a "dividend," returned when the receivers insisted, had been turned back "without consideration." There was no ground for a Cargill & Withee claim, and within a few weeks both had signed the necessary papers for the syndicate, without, for the moment, making any additional demands. Of course, Will Cargill personally retained his one-quarter interest in the W. W. Cargill estate, so kept a link to Valier through this more indirect means. Steps

were taken to move the syndicate to completion, and work on the Valier properties continued.

By then, the other heirs in the W. W. Cargill estate, Edna MacMillan, Emma Hanchette and Austen Cargill, had become quite incensed about Will's various actions, including what they felt were blemishes in Will's personal life at this time. They believed that Will was involved with Mrs. Withee. Clarence Stowell, a nephew of Ella Cargill, who earlier had inherited some of the land in Valier from the Ella Cargill estate along with Fred Hanchette, wrote of Will "hanging around" the Withee house and taking Mrs. Withee and her son for rides. "It simply makes a fellow want to use a gun." This feeling was mirrored in John Sr.'s furious words in a letter to Whelan, the Creditors' Committee lawyer: "All those of the heirs would be so angry over any such proceedings that they would not tolerate it a moment . . . eliminate absolutely Cargill & Withee from any rights which they now claim." Fred Hanchette expressed the same thought in an earlier letter about Will: "It is easy to forgive a damned fool or even a repentant son of a B. but it is foolish to shower sympathy on one who persists on being both." He called them "Cargill, Withee, Devil & Co."

The more hopeful turn of events with plans for the syndicate also persuaded John MacMillan to intensify the Cargill Elevator Company's plans for more elevators in the Valier area. The Williams elevator was put up during the latter part of this year and the Valier property rebuilt (a small elevator erected there in 1909 had burned down).

Although the dam and ditches had been repaired, they still were not functioning. However, a lucky star now settled over the project, momentarily, at least. Heavy rain came just when it was needed for the crops (June 1911), bringing the hope of a fecund harvest. Valier had been tendered a welcome reprieve.[16]

Frank Hixon, instrumental in putting the Montana situation into shape, then proposed a plan, in August 1911, to ensure that the remainder of the debts would not be loaded directly into the Cargill Elevator Company books. A new company would be incorporated; Hixon initially called it the "Cargill trust," but later, the name Cargill Securities Company was chosen (decades later, in October 1965, it became Waycrosse, Inc.). Its specific and only purpose would be to take over the indebtedness of the estate. Some 8,354 of the 10,000 shares of Cargill Elevator stock were trusteed to this new company to serve as assets behind the issue of new notes. These were to be called "Gold Notes," in total about $2,500,000, enough to pay off all of the creditors (thus easing the minds of a group of small creditors who earlier feared they might be shut out). The notes were to be redeemed within five years. The remainder of the shares, the holdings of the two widows, Aunt Maggie Cargill Barker, widow of George Barker, and Aunt Lydia, widow of Sam Cargill, would be left as shareholder obligations of the elevator company itself.

Hixon's analytical sense impressed James Taylor; he wrote admiringly to John Sr., "I think, myself, Frank has done pretty well for sitting down and in a few hours whipping this thing into what seems to me workable shape. . . . Austen seemed to agree with its contents and thought that it was gotten up in pretty good shape." At first, John Sr. was not so certain. Feeling that Hixon was more concerned about creditors than heirs, he wrote, "I realize fully that the Creditors' Committee have the kindliest feeling toward the heirs but . . . they must be as strongly biased in their feelings on the side of the creditors as I am naturally on the side of the heirs . . . we would be depending entirely upon the personal standpoint and not upon legal right, which it seemed to me the present arrangement affords." Hixon remonstrated at this point that "we must frame up a proposition that will clearly appeal to the creditors," and his reassurances of his own independence finally calmed MacMillan's fears.

But another irritant soon intruded and became a saga of frustration for many months. Will Cargill had suddenly appeared at one of the key meetings, on September 22, 1911. MacMillan wrote the Hanchettes about it a few minutes after the meeting broke up: "Will did not offer to shake hands, and, of course, I did not offer to with him. We barely spoke. Austen was in the room—Will shook hands with him but has made no effort to see him since."

Will made it plain over the next days that he wanted to be indemnified against any of his own debts from the Montana project and to be given his proper share of the proposed new company. Many weeks of acrimony ensued, with Will on one side, John and Edna MacMillan (with the Hanchettes) on the other, and Austen Cargill, although agreeing with the latter group, stepping into the middle in a peacemaker role. During this period, Austen had been taking increasing responsibility in the seed division of the Cargill Elevator Company in Minneapolis. John Sr. wrote Fred Hanchette about this: "I think it a fine experience for him and one that he needs particularly badly as he has been so painfully shy." Austen, at 23 years of age, was put in a difficult position in dealing with his older brother, now age 42.

Eventually, an arbitrator was proposed as a mechanism to resolve the differences between Will and the other heirs, and with much argument Will accepted the original plan (after meeting with Austen one night until 5 A.M.). John Sr., still bitter about Will's actions, wrote a draft letter to Baxter, the Boston member of the Creditors' Committee, that the heirs "feel that if he gets anything out of it, it will go to the benefit of the woman who has been the cause of these disasters." But he must have thought

better of this last comment, for scrawled across the top in his hand were the words "not sent."[17]

This was not to be the last argument. The Hixon plan, ready to be effected, finally brought the administrators' work in the estate to a close, in early 1912. A fee for such services was provided in the statutes of the state of Wisconsin, 1 percent of the value of the estate. The three administrators were MacMillan, Hixon and Will Cargill.

The thought of paying part of these fees to Will Cargill was galling to the MacMillans, Austen Cargill and the Hanchettes—there was too much "water over the dam" (a Valier project pun of that time). It turned out that Will was not only demanding his share but also wanting to increase its amount. He had left Montana altogether and had settled in Benton Harbor, Michigan, without his wife, who was left in La Crosse with little funds. He was raising chickens, but this new endeavor was not doing well and he was in need of money. Withee was reported to be in South America.

MacMillan and Hixon did not want to keep any fees personally but, because of Will's demands, decided not to turn any back, as a portion would then eventually work its way around to Will. "There is no doubt that the other three heirs are going to feel very much worked up over Will being allowed the $5,000 fee," MacMillan wrote Hixon on March 1, 1912 (it is not clear whether Austen Cargill would have agreed on this). In this same letter, John Sr. proposed a plan: "I have been wondering if it would not be well to accept it, and turn it over to Fred and Emma [Hanchette], as their money is getting down very low, and I feel we must do something to protect them."

This was what was finally done, although to say it so straightforwardly simplifies a long, tortuous set of negotiations and a further worsening of intra- and interfamily relationships. It finally took a judge's decision to throw out Will's proposal for higher fees. MacMillan wrote Fred Hanchette, "Will afterwards told George Burton he guessed he had made a mistake in making the fight . . . which rather added to our amusement."[18]

Hixon's proposal became the final plan. The Cargill Securities Company was put into place, and John Sr. went to New York in April 1912 to explore the marketing of the Gold Notes and to push further on the financing of the Montana project. Unfortunately, his timing for the trip was bad, as he reported to C. T. Jaffray: "I did not complete as fully as I hoped to the investigation of above matters owing to the fact that it was very difficult to secure the attention of men on matters of business in New York last week on account of the condition of the public mind over the accident to the Steamship Titantic [*sic*]."

But New York City's preoccupation with the *Titanic* disaster soon passed. The Cargill Securities Company authorized $2,550,000 of the Gold

Notes ($2,525,000 were actually issued), which were to mature on or before January 1, 1917. All of the property of this new corporation was to be pledged for the benefit of the note holders. With the acceptance by the probate court, the plan let the viable organization, the Cargill Elevator Company, remain on its successful track, using proceeds from its success to pay off the Gold Notes, at which point the Cargill Securities Company perhaps could cease to exist. The heirs of W. W. Cargill surrendered to the trustees (the Minneapolis Trust Company) all of their right and title to the assets until such time as the debts were paid. In turn, John MacMillan was free to operate independently as chief executive officer of the Cargill Elevator Company.[19]

Thus, the one strong entity, the Cargill Elevator Company, would see through the dismemberment of the rest of W. W. Cargill's fallen empire on as favorable terms as possible, retiring some or perhaps even all of the Gold Notes at the end of the appointed year, 1916. It behooved John Sr. to manage the elevator company as profitably as possible, at the same time following up on the myriad details of the remaining bankrupt companies. The families Cargill and MacMillan, Will Cargill the one exception, had closed ranks and worked together to resolve the crisis generated by W. W. Cargill's death, just as had happened in the 1890s with the Texas grain bankruptcy of the MacMillans.

Prudence Holds Sway

Understandably, these events made John Sr. even more cautious than his usual conservative posture. He became obsessive about having enough credit to carry the Cargill Elevator Company through the crop season, and his almost reflexive guardedness in this period evidenced itself all through the business. When Mary Barker, daughter of Aunt Maggie, wrote John Sr. in the summer of 1912, at her mother's request, to draw on some of their balances inherited from Sam Cargill's estate, John Sr. pushed hard to persuade them to keep as much as possible in the Company: "Of course I want you to feel that you have a perfect right to all the money if you have any real need for it, but . . . we would be glad to use all the money possible in the business this Fall . . . it [is] an unusual time . . . we ought to conserve all the money we could to take care of the business." A year later, he wrote again to Mary: "I do not think you ought to draw out this money unless it is absolutely needed . . . our own stockholders ought to help out all they can . . . not draw their money out at the very time when it could be used to the best advantage." He closed with an unvarnished reproach: "The stockholders should be of every assistance they can to the business instead of pulling on the business just at a critical time like this."

Perhaps John Sr. felt he needed outward evidence of Cargill Elevator's responsible finance, for in 1910 he decided for the first time ever to initiate an outside audit. A prestigious firm, the Audit Company of New York, was employed and soon gave MacMillan more than he expected. Its report, in July 1910, was laced with caution—indeed, outright skepticism. The analysts did not like the way "in which the books of several companies have been intertwined" (the Cargill Elevator Company subsidiaries, not the W. W. Cargill enterprises) and recommended common closing dates and precise accounting between and among these. "We did not find all the vouchers and other supporting papers," they continued, and added, "we believe that greater care should be taken in the filing of such records." The Green Bay accounts were particularly criticized, "owing to the very peculiar assumption on the part of the Green Bay cashier." They found at least one instance where an advance had gone unreported for almost a month. The auditors had not been able to verify all of the physical assets either, so were unsure of "the Income of your Company for the past year with respect to maintenance and depreciation of plant."

One could palpably feel the auditors sniffing down their noses about the "careless books." This must have disturbed John Sr. a great deal. He had prided himself on his grasp of accounting principles and his meticulousness in their application and earlier had voiced some of the same criticisms about Funk and the Banner Lumber Company. To no one's surprise, the Audit Company of New York was not invited back the next year. Marwick, Mitchell & Co. (predecessor of today's KPMG Peat Marwick) replaced it, and this began a relationship that extends down to the present.

Yet John Sr. should not have been upset, for the report showed a company of considerable strength. The profit for the crop year 1909–1910 was $343,943, and the firm had a surplus of almost $1.4 million. There was only a contingent liability: a $152,000 liability to Liberty Lumber Co., partially balanced by $37,500 of Liberty's stock. (Liberty was a Minneapolis subsidiary of Cargill Elevator Company, started by John, Sr. in 1904 to serve as a retail outlet for W. W. Cargill's British Columbia timber). All of the usual accounting ratios showed conservative positions. Country elevator capacity was just under 4 million bushels; Duluth had 2.5 million; Minneapolis, 875,000. Cargill Elevator Company was in sound shape.

Precisely because of this strength, John Sr. was importuned often in this period to make loans to small commission houses out in the country with whom Cargill Elevator Company was dealing. John Sr. worried constantly that these commission houses were borrowing from the firm, then using some of this money to extend credit to farmers, who borrowed early in the crop season and paid back at the end—provided crops were good. "This is something we are not willing to do . . . we do not want any commission accounts that do not clean up at the end of the grain season," he wrote one house. "We do not do a banking business," he wrote another. When a small flour mill asked for a loan, he replied, "this is purely a banking proposition . . . one which the . . . company could not consistently go into."

Despite solid economic conditions in the grain trade, one of its stalwarts faltered in 1911. The giant Peavey empire had seemed so strong, but one of its officers had been speculating with company assets, unknown to top management. The losses were reported to be so severe that John Sr. wrote T. F. Baxter, the Boston financier, that it might be necessary "to trustee F. H. Peavey & Company." Baxter wrote back, "There has been a good deal of talk about the matter in the East, and I somewhat fear that it will affect the sale of milling paper for the present." The Peavey group moved quickly to provide restitution. Baxter wrote, "People forget pretty readily . . . after a month or two, it will probably make little difference in the market."

The travails of the W. W. Cargill collapse seemed to sap any entrepreneurial bent that John Sr. might have harbored. There *were* some tantalizing opportunities. For example, Lindahl, seeing the export business becoming more important, urged MacMillan to put a man in New York "who is familiar with the foreign markets and methods of doing business abroad," as Peavey had done. In 1913 one of the international brokers, A. D. Thompson Co., had given Lindahl a revealing set of figures about the costs of transportation across the Atlantic; in July and August one could ship from Duluth to Liverpool "as cheaply as 9¢ a bushel . . . this charge will gradually widen within three months to as high as 22¢ a bushel." Most of this variation was accounted for by the ocean segment—the Duluth-to-Buffalo and Duluth-to-Montreal legs were relatively more stable. Lindahl asked about the profits of the exporters; the broker replied that there was "plenty of competition among exporters and quite a bit of speculation." In sum, there were significant profit opportunities if a grain company wanted to integrate forward into trading ocean freight*—but also possibilities for large losses. The latter prospect scared MacMillan, and he told Lindahl, "I'm not sure the time is yet ripe."[20]

Inspecting Grain

The mistrust between Buffalo and the offices in Minnesota surfaced again in the 1911–1912 period, this time over the issue of grain standards

*In effect, a "C.I.F." contract, where the seller assumed the "cost," the "insurance" and the "freight," the buyer purchasing at the seller's total asking price, as against the seller using an "F.O.B." arrangement ("free on board") where the buyer arranged transportation and insurance. Under C.I.F., the seller himself would bargain or trade for the transportation and insurance, with the potential for a profit on these if the amounts were less than his total asking price to the seller.

and inspection procedures. In that period a new technique of testing grain was applied to barley: "chemical" analysis. Once again it was A. M. Prime and Dudley Irwin who were at the center of the controversy. Irwin had alleged that Prime was sending him "badly stained barley," that it "was very unsatisfactory, over 30 percent not germinating." John Sr. mistrusted the Easterners' inspection methods, writing Irwin, "The point you make about percentage of waste is something that we will not admit for a moment. If they are going into that kind of a proposition we certainly are going to insist on state inspection so that we have got a record that is official. . . . If the maltsters want to establish a system of inspection . . . it has got to be an official inspection at Duluth just as on other grains. . . . We certainly are not going to get into any hair-splitting arguments."[21]

Within a few days, fresh problems surfaced with Prime's barley. Irwin sent samples from this particular shipment and told MacMillan he thought he could settle it for a penalty of about 2 cents per bushel.[22] MacMillan equivocated. Irwin, still dissatisfied, sent back an almost insulting letter to Duluth: "While your kindergarten learning of years ago, namely never to guarantee germinating, is all right in a way, yet where we sell on a sample and the sample grows within 8 to 10% and we deliver barley on that sample which does not grow within 20 to 25% the buyers take the position that this barley is not like sample. . . . [It is] poor policy to endeavor to crowd this poor germinating barley on the trade."[23]

This got John Sr.'s back up, and he pointedly replied, "This seems to be an old game whenever the market goes off . . . now that the barley market has taken a radical change the other way . . . you will find the growing qualities of that barley have improved wonderfully. If your maltsters down there want any barley they better take what they get and not try any games of this sort."

Irwin considered this a direct challenge and had the controversial grain studied by a New York chemist "who analizes [*sic*] the barley and malt for the Eastern trade and who stands very high. . . . It looks to me as though there was some Canadian barley mixed through it by someone." MacMillan shot back, "I beg to say you are absolutely wrong. There is not a pound of Canadian barley in anything we have handled at Duluth to the best of our knowledge and belief."

The "chemical" part of the analysis was quite rudimentary at that time—primarily moisture and germination tests. MacMillan adamantly opposed this: "Whether we get any more business from Jones or not we cannot recognize in any way any chemical analysis. He is, of course, at liberty to have all of this class of work done that he wishes but as far as we are concerned we must continue to do business as we have always done it—on the appearance of the grain."[24]

To put his feelings more emphatically, MacMillan penned a second letter on the same day: "as grain men it would be absolutely impossible for us to pay any attention to chemical analysis. . . . While I do not in the slightest doubt the careful methods used . . . it is quite evident that there could scarcely be such a difference in two cars from the same shipment of barley. . . . We might just as well quit business if we would attempt to establish a precedent of this sort."

Actually, the barley buyers were ahead of their time in their "chemical" analysis. All through this period, the federal government had been pushed by Congressmen from agricultural states to take the initiative for federal grading and inspection. Extensive hearings were held in 1906, again in 1910, 1912, 1914 and 1916. In this last year a federal Grain Standards Act was finally enacted, which provided for official standards for the common grains and instituted a system of federal licensing and supervision of grain inspectors But the grading provisions still involved qualitative judgments of physical appearance, along with the weighing. Grading of barley was a pointed example of this subjectivity. In the 1914 hearings in the Committee on Agriculture of the House of Representatives, the chief of the Bureau of Chemistry of the Department of Agriculture was asked about the Bureau's work on barley. He could only report that their analysts had handled some complaints of weed seed in barley shipments but that the inspectors only "saw the weed seed." The Bureau's chemical analysis was nonexistent for barley (they were limited to determining "if it contains filthy or decomposed animal or vegetable matter").[25]

Pitting Offices against Each Other?

The malaise at Green Bay spotted by the Audit Company of New York report continued for several more years. Charles Quackenbush, who had been appointed as manager there after Will Cargill fired Walter Gueinzius (in 1909), seemed to have a talent for irritating his colleagues, competing with the Minneapolis office and otherwise marching to a different drummer. He even had been selling barley in Buffalo to another broker, thereby antagonizing Dudley Irwin. Further, Quackenbush apparently had not been settling accounts as quickly as Irwin expected. The issue itself was a minor one, involving willingness on the part of the grain shipper to pay the insurance and interest on a shipment after its arrival in Buffalo for the short period before inspection took place. Duluth had been willing to foot this small charge, but Quackenbush would not. Irwin wrote John Sr. in February 1912, "My patience is pretty well exhausted with the Green Bay outfit. . . . They have not paid our commissions and some little odds and ends of insurance and interest. . . . It seems too small and piccaune [*sic*] on his part and I don't think you would sanction it."

MacMillan, although not countenancing Quackenbush's stubbornness,

defended the Green Bay practice: "What we are really doing is accepting 'in store' terms on C.I.F. sales. I distinctly told both Mr. Prime and Mr. Quackenbush at the beginning of this season that I wanted them to have it understood with you that there would be no such thing thereafter." In a letter a few days later MacMillan put the matter even more bluntly: "there is no question but what the principle we have established there [Prime's acquiescence in the charge] is utterly vicious, and cannot be justified."[26]

There was a larger issue here for John Sr. He had expressed several times earlier his concern about whether Irwin was playing Duluth against Green Bay in his selling efforts. John Sr. wrote once more, "I certainly object to your using one office against the other on these transactions. If anybody wants Duluth barley let them buy it on its merits and the same way with Green Bay but do not try and force either of them to make a trade because the other office is underselling."

Irwin indignantly wrote back, "There is one thing I have always worked hard to avoid and it is just this one thing . . . competition between Green Bay and Duluth branches. . . . I think you will admit that I have fairly well succeeded." Irwin continued to be upset about Quackenbush: "He seems to have a short memory and a disagreeable tendency to impute bad faith where he has no legitimate reason for doing so. . . . These insinuations from Quackenbush . . . are certainly most disagreeable and unfair to me."[27]

A further checking of the facts now led John Sr. to "see the thing from quite a little different point of view," and he wrote Irwin a conciliatory note. He still warned Irwin, however, "I wish you would be particularly careful hereafter in any exchange of telegrams with either Duluth or Green Bay not to put either in the attitude where they think they are competing with the other office."[28]

The issue of grain quality just would not go away, and in the fall of 1912, Irwin again was complaining of Cargill's unclean "black barley," once again a shipment from Prime. Irwin wanted John Sr. to intervene and discipline Prime. John Sr. supported Prime again: "This is Mr. Prime's department . . . he has always shown himself capable of handling it efficiently and well, and I should not be willing to take any action in the matter without that it was a matter of last resort . . . and then, certainly not without Mr. Prime being present. . . . It would have an extremely bad effect all around."[29]

Interestingly, a number of years later, MacMillan did take the earlier advice to have Cargill's own agent—and chose Irwin! The latter had liquidated his own business in 1921. Reputedly at that time he was the largest dealer in malt and barley in the state and known widely as "the barley king of the East." Irwin then joined Cargill as the Company's full-time agent

and stayed with the firm until his retirement in 1939 after 62 years in the grain industry. His obituary put it well: "In business, Mr. Irwin was known as a 'gentleman of the old school,' the acme of courtesy, politeness and dignity."[30]

The Annual "Outings"

In 1912, John Sr. instituted what became a great Cargill tradition, the summer "outing." From this date it became an annual affair, most often in July but sometimes in August. Details on the "Fourth," on July 10, 1915, have survived and give a vivid picture. It was held on Lake Minnetonka, west of the city. There was a trolley trip to Excelsior, then a boat ride to the St. Alban's Bay Hotel. Nineteen different "afternoon sports" were listed on the printed program—a tug-of-war between the "Salesmen" and the "Office Men," a relay race with both "Ladies and Gentlemen," a ball-throwing contest just for the ladies, and even a "Fat Men's Race." A baseball game topped it off, and there was ample "candy to keep sweet" and "smokes to keep cool." The meal featured both a fish and a chicken course; Roy Hoople wrote the manager, "think you ought to add canary tongues and fried butterfly wings." The mandatory group picture was taken and, fortunately, survives for us today. Hoople totaled the costs for the 67 participants at just over $200, including $15 for cigars, $.45 for ribbon for the prizes and $4.50 for the piano player. It was a vintage day, to be often repeated.[31]

Deepening the Board

Changes in company boards of directors often are of interest only to those directly involved and have little substantive importance. Now, however, on the Cargill Elevator Company board some basic conceptual changes were made. Outside members were appointed to the board, the first ever in any Cargill company. C. T. Jaffray had replaced W. W. Cargill at the latter's death in 1909. The next year Frank B. Hixon, one of the members of the Creditors' Committee, and M. B. Koon, a prominent Minneapolis lawyer, joined Jaffray on the board. In August 1910, two nonfamily Company employees were added, Lindahl and the barley trader at Minneapolis, J. B. Cooper. John Sr. and his cousin John D. McMillan, the head of the Osborne-McMillan grain firm, completed the seven-member board. The following year, 1911, two members of the Cargill family were added; the first was James F. Cargill, whom John Sr. had replaced as general manager of the Company in 1903; the second was Austen Cargill. Will Cargill was not on the board, nor on the board of either the lumber company or the railroad. By this time, the tensions attendant to Will's actions prior to

Fourth annual Cargill employees' outing, St. Albans Bay, Minnetonka, Minnesota, 1915.

and after the death of W. W. Cargill finally had led to an intractable split within the family; Austen remained the only family member with whom he had a relationship.

Cousin John D. McMillan's actual participation in day-to-day operations was not great, although he remained on the board until 1934. It was a different case with the other family newcomer, Austen Cargill. Austen had left Cornell University on the death of his father to work on the estate problems. In May 1910, John MacMillan asked for Austen in Minneapolis, and he began work there, first as a clerk in the accounting department, then as a salesman on the trading floor and an assistant in the Seed Division

Austen Cargill was married in September 1913 to Anne Ray, daughter of a La Crosse banker, and the empty W. W. Cargill family home in La Crosse was reopened for the reception. J. B. Taylor recorded the modest circumstances of the honeymoon: "Austen was married Saturday, the hottest day of the three, and he had a very pretty wedding. He left Saturday night for Chicago where he spent Sunday, and left for Green Bay Monday morning, so you can see that he did not take much of a trip. Austen has been made assistant to Charley, and I hope he is going to make good."[32]

Shortly before the marriage, John Sr. had asked Austen to take this assignment in Green Bay, working with Charles Quackenbush, the manager there. Inasmuch as Will Cargill had engineered the forced resignation of the then-manager at Green Bay, Walter Gueinzius, it was little wonder that Quackenbush, the next manager, was sensitive about his position. Earlier, he had been unhappy about his transfer to Minneapolis, and MacMillan, concerned about his feelings, had agreed to move him back. By 1913, Quackenbush again seemed off stride as a result of Austen Cargill's assignment there. John Sr. wanted Austen to have "the responsibility of one department [placed] onto you and give you a chance to develop yourself in an executive way" and assigned him the Seed Department (earlier he had worked in the seed operation in Minneapolis). This seemed to threaten to Quackenbush, for Austen wrote back:

> Perhaps I misunderstood you, but the impression I got from the talk I had with you was that I was to have charge of all matters concerning mdse. & seeds, including the buying & selling even to the buying of seed at the stations. . . . I also understood that I should consult with Charley on matters of importance and work with him. . . I don't want to give the idea that I had any intention of going ahead and doing things regardless of Charley. Well, Charley objected very strongly. So strongly in fact that I dropped the matter by suggesting that we both go up to Mpls. and talk with you about it. Since then I have thought it would be better to stay here as I wouldn't care to say anything one way or the other. . . I did ask Charley what he had in mind for me to do . . . and he said he thought I could check reports and call his attention to anything wrong, such as too low prices, etc. I was very much surprised at Charley's attitude as he seemed to consider it a personal affair.

Once again there was evidence of Austen Cargill's personality as peacemaker—he did not like to raise his own profile by pushing himself into the middle of a situation. John Sr. wrote back, "Of course my idea has been for you to handle your department just exactly as everybody handles their department here. You would of course be carrying out Charley's instructions, and consult with him on all matters of policy [but] I want to see Green Bay make a showing that is worthwhile."[33]

Ed Grimes and Austen Cargill Join Forces

The Green Bay operation continued to limp along under Quackenbush, and in 1914, John Sr. decided to move the office to Milwaukee. He explained the rationale to a Milwaukee businessman: "There are many times when the Eastern trade are filled up, and we think we can consign our grain to the Milwaukee market to much better advantage than we could to Green Bay."[34] Quackenbush's performance was not good enough to warrant the Milwaukee post, and MacMillan chose instead to move Edward J. Grimes there.

Grimes had started with the Company in 1904 at Green Bay and was soon transferred to the Minneapolis office, where he became John Sr.'s personal stenographer. He had a natural interest in traffic, and this led him into merchandising. He became a trader on the floor, working as an assistant to J. B. Cooper and later as Cooper's equal. Grimes became one of the Company's best traders. When he was appointed to the new post in Milwaukee, he was made a vice president of the Cargill Grain Company, the corporate name given to the commission merchant arm of the parent company there.

Grimes also was assigned supervision of Green Bay and tried to work with Quackenbush, but this created mounting tensions. "A rather nasty situation developed in regard to Charley," wrote Grimes, shortly after his new job had started. "He resented this and showed his teeth yesterday afternoon." Quackenbush continued to be recalcitrant, and after several of his decisions were remanded by Grimes, he "resigned" from the job. "This of course was duly suggested to him would be the proper thing to do," John Sr. wrote Fred Hanchette. Quackenbush remained in Green Bay, and leased a competitor elevator. Grimes felt badly about his first management assignment and wrote MacMillan, "I am very sorry for the trouble I had with Mr. Quackenbush but assure you it was absolutely unavoidable. I tried to handle it without any friction but his idea was to want to do more exactly the opposite of what I intended to do and of course matters came to a head."[35]

Austen Cargill went to Milwaukee with Grimes, and the two began a

Andrew Jacobs (left), Ed Grimes (center), and Austen Cargill (right) in the Milwaukee office, c. 1915.

three-year association that became very close. In effect, Austen was the management trainee under Grimes while at the same time Grimes was the management trainee of John Sr. Grimes and Cargill hit it off right from the start. Grimes allowed Austen a free hand in just about all office matters, and it was clear that Austen was the second-in-command. A. L. Jacobs had been the commission agent in charge of the Milwaukee office prior to this enlargement of activity, and Grimes seemed to have no entry difficulties—apparently Jacobs did not feel threatened, as had Quackenbush at Green Bay.

From his first days in the Company, Austen Cargill had shown keen interest in the "country," the rural feeder part of the business consisting of the country elevators, the commission men and track buyers and also the farmers themselves. In the summer of 1914, just before joining Grimes, he had made an extensive trip through Minnesota, Iowa and South Dakota, visiting a number of other small elevators outside the Company's orbit, from which he hoped to secure shipping relationships through Cargill Elevator Company. He classified the individual firms into "likely" and "unlikely" sets. There were 25 names in the former, and "I am writing all these people a personal letter reminding them of our visit and any promises

they may have given us when we called on them." Eleven subsequently contracted with Cargill.[36]

At the start of his Milwaukee assignment, Austen also had a revealing experience concerning ways of doing business in Chicago in a situation involving shipments of Green Bay rye to the Chicago Board of Trade. There seems to have been no record made of this story at the time it happened, but it was resurrected in the late 1920s, when Cargill was involved in a major disagreement with the Chicago Board of Trade. It provided an example of the Company's burgeoning mistrust of that institution. The incident itself, in 1913, began with the vice president of the Van Dusen-Harrington Company coming to John Sr. for some of the latter's "fancy Wisconsin No. 1 rye." MacMillan sold it to him and, in due time, 40 cars were on their way to Chicago. The first two cars to arrive there were graded No. 2 rye, but when the remaining 38 cars came in, the buyer reported back to Cargill that they had become No. 3 rye. Austen Cargill was sent down to Chicago to investigate; there he contacted the head of the sampling department at the commission house Logan & Bryan, which was handling cash transactions for Cargill in the Chicago market in those days. He asked for a sample of No. 2 rye, and the inspector, as the story was retold, "pulled out a sample and said 'there is real No. 2 rye.'" Fortunately, Austen had a list of every one of the cars that had been sent down from the Green Bay terminal and, by comparison, soon proved that the rye that had been graded lower really had come from the same batch. "The inspector immediately said, 'well, there must be some mistake.' Logan & Bryan's representative said 'I think it will be straightened out all right,' and that afternoon the grade on the entire shipment of rye was changed to contract grade. In explaining this queer experience, Logan & Bryan's representative told Mr. Cargill that the rye in question was going to 'an important miller' who 'practically ran' the Chicago market at that time."[37]

Grimes, while often commenting favorably on Austen Cargill's efforts, was not unwilling to discipline him. Grimes wrote John Sr., in July 1915, about a year after taking the post, "I think that Austen has spent a great deal of time in pushing sales, improving the system of reporting and has made wonderful strides along that line but has been just a little bit lax in handling of collections and of course this statement of outstanding accounts bears this out."

MacMillan recognized that this was a commentary, too, on the management of Grimes, and he wrote back the next day, "You want to train your customers to make their obligations good as they agree to. . . . There is nothing so disastrous as past due accounts. . . . When you figure up the expense of interest and the cost of collection, you will find that there is mighty little profit in any account that you have to run after . . . you are giving credit to 'dead beats.'"[38] This had been apt warning in 1907–1908 with the Sawyer-Austin and Banner lumber companies, and it was equally apt here.

Austen Cargill sometimes passed information to John Sr. directly rather than through Grimes. For example, MacMillan wrote Grimes in April, 1915, "Austen arrived here this noon, and I have had a chance to talk matters over a little. I was quite surprised to hear about your clover. I did not know you were attempting to handle that or I would have insisted on your keeping in close touch with me so that I would know what was going on. It is exactly this kind of policy on seeds that made so much trouble with Boult. It is altogether the wrong policy to play."[39] Yet Grimes did not seem to resent instances like this, as he understood that Austen Cargill and John MacMillan had a closeness in their relationship that inevitably led to these kinds of confidences. It did not appear to any of the three that Austen had gone over Grimes's head.

On the other hand, Grimes did bristle at competition from traders in other offices. More than once, Grimes felt that Minneapolis was trading unfairly against him. One of these cases involved his old boss, J. B. Cooper. The matter involved a disadvantageous transfer price from Cooper on some oats. "I dislike to complain but it is a tremendous handicap for me to overcome in competing with Minneapolis people in the East who are willing to work and to sell our oats on the basis of 1/2 to 3/4 cent profit out of Minneapolis," Grimes wrote John Sr. Still having a great regard for his mentor Cooper, Grimes continued, "I do not want you to say anything about this to Mr. Cooper, until you think it over yourself and write me further regarding it." MacMillan wrote back, "I think it is up to you to buy your oats and such grains direct instead of attempting to get them in this market. . . . I understand just as well as you do the disadvantage you are working under there, but I am also equally sure that you have got to somehow pick up the great bulk of your grain direct from the country if you are going to be able to compete . . . with Minneapolis . . . I am more and more convinced that you have got to work up your country trade." MacMillan thus encouraged Grimes to stand on his own and to establish his own profit center, as well as his independent supply, rather than leaning on Minneapolis.

On another occasion Austen Cargill, too, complained about Minneapolis treatment of a carload of durum wheat, which Austen felt had been sold by Cooper for an independent country elevator at a giveaway price. Cargill wrote MacMillan, "I believe I can say in all fairness that if I was a country shipper this would have been the last car you would have received from me." In this case, MacMillan felt that the fault lay in Cooper's decision, and wrote Austen, "I have had this matter up vigorously and I think

that there will be no more of this sort of thing. I have, in fact, made considerable change in the plan of handling our floor business hereafter. Mr. Cooper is to stay right at the table and give his personal attention to all sales, fix the basis for each car and be there to consult in case any different basis is necessary than that which he originally fixed." These cases provide interesting examples of MacMillan's continuing concerns about both keeping control in his own hands and at the same time giving responsibility to the strong individuals he had gathered around him—in other words, to build independence and the feeling of "ownership" of one's own profit-center on the part of individual managers.[40]

The meticulous MacMillan attention to detail surfaced frequently in the Grimes correspondence. For example, John Sr. wrote Grimes in September, 1914, "I hope you have got your mailing department straightened out by this time, so there will be no further careless addressing of envelopes. It seems to me these envelopes should be addressed by the stenographers instead of being written out in lead pencil by an office boy." MacMillan was still concerned about collections. In one instance where Grimes had extended credit to a firm who had then reneged, MacMillan wrote, "Of course you may work out of this without any loss, only I was wondering how it was you happened to take chances on a firm that I never had heard of before."

Yet even here John Sr. also wanted to encourage Grimes:

> You do not want to worry over the fact that you have been caught two or three times lately as I have noticed that this sort of thing has a very peculiar way of bunching up at times. You may not have another similar experience in the next two years, but at the same time, I think you want to make it a point to do business with people that have a recognized standing, just as much as possible, and leave the doubtful concerns alone. Of course, where you can get an extra 5 cents per bushel like this, it is very tempting." Again John Sr. was saying in effect, "It's all right to make a mistake if you learn from it."[41]

John Sr. was just as careful on small details of finance in his personal life. In the fall of 1910, John Jr. began his first year at Phillips Academy in Andover, Massachusetts, and when the room-and-board charges arrived, John Sr. questioned the bill; the amount was over what had been quoted him the previous spring. The principal, Alfred Stearns, sent a long letter in return, explaining that the building was a new one and the trustees had decided to charge at a rate of $250 per year: "This rate is higher than any charge in our other houses, but is made necessary by the increased supervision and care which will be given the boys, and by other attractions which will be offered them, such as a common reading room, study room, playroom, etc." John Sr. agreed to the new charges in a return letter.

The following summer, John Sr. and Edna traveled to New York, checking two bags through. But he was assessed two separate charges for the two bags, instead of the correct practice of one ticket covering both. This bothered his sense of fairness, and he made a claim to the Pennsylvania Lines. Five weeks later a refund check for $1.20 was sent to him, "for the reason that one passenger only instead of two was credited to the baggage at time of checking."[42]

The position that John Sr. probably disliked most was when he himself had to make a decision without the full facts. In May 1915, he wrote a particularly strong letter to Grimes about sales of wheat. Apparently Grimes had not fully reported some of the transactions on the standard "long and short card." MacMillan wrote Grimes:

> I feel very much displeased to think that a matter of this kind has been buried instead of being kept before me on your long and short card . . . everybody can make a mistake, but it seems to me you should have consulted us up here in reference to the handling of wheat. Milwaukee is not a wheat market and you are entirely out of touch with wheat conditions. . . . I want to be kept thoroughly advised as to what is going on, so that everything can be talked over and met as the conditions arise and not leave it to me to find out about after things have gone wrong . . . you are bound to make some mistakes. I make them, and everybody else does, but there is a check on yourself as well as on me to talk these things over . . . instead of allowing matters to drift by keeping them buried.

Grimes, shocked by this attack, immediately responded, "I must say that I cannot help but resent this. I do not think that it is a just criticism. I have at no time attempted to bury anything, or deceive you in any transaction I have made." John Sr. answered immediately: "What I was criticizing was the fact that your office does not seem to comprehend our system of accounting well enough to see that complete information is given in reference to all character of trades. . . . There is nothing that I dislike so much as revelations. . . . I want the privilege of knowing all about these matters, so that if I want to criticize, I will have the opportunity of doing so in time, and not have to do it after it is too late."

Grimes was still disturbed and said so in his return letter. This time, John Sr. responded, on May 14, 1915, with an articulate exposition of his overall management philosophy, perhaps one of the clearest statements in all of this period of MacMillan's view of his role as chief executive officer:

> I have no idea whatever that you or anyone else was intentionally covering up anything, but I found that that was the way it worked out, and that was why I was objecting, so that that sort of thing would not happen again. . . . I have been extremely anxious to see that the business is run in such a way that there is nothing important going on but what I will have a chance to pass on it.
>
> I have been very much pleased with the general manner you have handled your business . . . the mere fact that I am going to criticize you from time to time must not leave any sting in your mind. . . . I have the whole responsibility of the affairs and it is up to me to see that the business is handled throughout in accordance

with the principles which I lay down and if at any time, I don't agree with you, or I find that you are varying from the ideas which I think are sound, you can rest assured that I am going to bring the matter up very promptly. At the same time, I am thoroughly satisfied with the way you have handled matters and am very much gratified over the showing that you have made.[43]

Selling Elevators

This six-year period 1910–1916 witnessed major changes in the physical assets of the Cargill Elevator Company. To begin with, the last remnants of the La Crosse operation were terminated, the railroad excepted. With the closing of the La Crosse office in mid-1913, J. B. Taylor moved to Minneapolis. All estate matters were concentrated in the Minneapolis office. Cargill Elevator Company had taken over the 34 W. W. Cargill Company country elevators in 1910; several of these ringed Green Bay on three sides, and the others stretched along the Chicago and North Western Railroad that traversed the state southwestward to La Crosse. The performance of all of these country elevators had "suffered from sheer neglect," stated the 1945 Cargill history. By 1910, they were not producing any income, so John Sr. decided to phase out the entire Wisconsin country elevator operations. Some were sold almost immediately. Alma Center, for example, was peddled in the first year, along with Viroqua, at the southern end of the ill-fated Cargill-built railroad. The next year, Gillett and Mondovi were sold. By the beginning of the crop year 1916–1917, only Bear Creek and Blair (together with the terminal at Green Bay) were left in Wisconsin; two years later, only the Green Bay terminal remained.

Austen Cargill, under Grimes in Milwaukee, took charge of most of these sales, negotiating with the purchasers and clearing his various moves with John Sr. He wrote MacMillan in October 1915, "I am pleased to note that you sanction the sale of the Osseo House for one thousand dollars. Up to the present time our superintendent has not been able to locate the party who made us this bid but I am in hopes of closing the deal tomorrow. . . . I certainly agree with your statement that we can buy grain from Green Bay on a cheaper basis than we can at this station."[44]

While traveling in the field, Austen Cargill became adept in solving the problems inherent in country elevator operation. For example, the Bear Creek elevator had a serious defalcation by its local manager, an embezzlement that had extended over some 10 years and that had cumulated to over $3,000. Austen Cargill's investigation pointed to slipshod control at the Green Bay end of the accounting chain, where Jacobs was nominally in charge, but Austen blamed this on the fact that earlier Quackenbush would not permit sufficient help and "that Charley insisted on doing things according to plans that he laid down himself."

In this same letter, Grimes reported to MacMillan that Austen Cargill "has been working for some time on a system that will be a big improvement on the old system and that, together with a rigid supervision from this office by him through his traveling men, should prevent a recurrence of anything of this kind again." (The case at hand was a difficult one, for the guilty man had a family of eight children, the youngest of which was two months old. There is no remaining correspondence that documents what happened in this case.) Again Grimes worried about Austen Cargill's fortitude for difficult collections: "I have repeatedly told Austen that he must do something to insure the collection of these accounts and also to verify them even if it had to be done at the expense of personal solicitation of the verifications."[45]

Cargill Securities Company began to make substantial real estate purchases from Sawyer & Austin lands near Pine Bluff, Arkansas, in addition to lands that had come to the Company as part of the earlier settlement. These purchases were made nominally under Austen Cargill's name, but were, as James Taylor stated, "the absolute property of the Cargill Securities Co." First in a series of purchases in March 1912 and then with another substantial acquisition in 1914, the Cargill Securities Company purchased a number of sections of land near the small towns of Junet, Sheridan and

A homesteader loading his horse and equipment into a Great Northern Railroad boxcar, c. 1910–1915 (Minnesota Historical Society)

Cherry Grove, all in central Arkansas. Some of these plats were rural, part cut-over timberland; others were within the town environs. These acquisitions totaled nearly 100 sections of land, a very significant real estate acquisition. Over the succeeding years Cargill Securities Company sold much of this land, sometimes in full sections but in many cases down to parcels as little as 40-acre lots.[46]

Adding Terminals

Despite the fact that the Cargill Elevator Company had to be extremely cautious on its finances, given the weight of the debts from the W. W. Cargill operations, the elevator company did make a major terminal acquisition in January 1914. This was the twin to Elevator K, known as Elevator M, in Superior, Wisconsin. "M" had been sold to F. H. Peavey & Company (then the dominant firm in the industry) in 1896. In early 1914, Peavey offered the elevator to Cargill. The Cargill Elevator Company's subsidiary, the Superior Terminal Elevator Company, was the purchaser for a sum of $250,000. In one of those flukes of history, a large section of it burned on April 26, just three months after it was acquired. The directors met in a special meeting on May 6; the urgency of the matter was evident, for instead of the usual stereotyped wording of minutes, the record read, "In order to be prepared to handle the 1914–15 crop, it would be necessary to rebuild at once." The sum involved was to be in the neighborhood of $150,000 to $175,000—all, of course, covered by insurance. Nevertheless, the shock to the grain storage plans for the fall was major. However, the rebuilding proceeded, and with the twin terminals in operation later that year, Cargill then had a total storage capacity at Superior of some 3.1 million bushels.[47]

One other change in physical surroundings also occurred in this period, one that was considerably less earth shaking: In 1915, the Minneapolis corporate headquarters, John Sr.'s offices included, moved from the Security Bank Building (later known as the Midland Bank) to the First National Soo Line Building.

Glut

The year 1915 *was* eventful for the grain trade as a whole, however. The first two years of the four-year grace period given to Cargill by the Gold Notes arrangement were prewar. When World War I began in Europe in August 1914, the life of most of the world assumed a new dimension, including the grain trade. World grain production had stayed remarkably stable for the four years just before the war: world wheat "ex-Russia" (Russia excluded), had stood at 2.6 billion bushels in 1910, then stabilized at just over 2.9 billion for the next 3 years. Russia's statistics were not as dependable, so the "ex-Russia" statistical artifact typically was used. Nevertheless, in this pre-World War I period, that great wheat-producing country also had significant exports to the rest of the world until it was attacked by Germany on August 1, 1914. Once the war began, Russia dropped out of the international grain markets, and all through the war there were just five major overseas exporting countries—the United States, Canada, Argentina, Australia and India.

Now this stability was challenged by a huge bulge upward in world production. Record United States and Canadian yields were harvested, and Argentina and Australia experienced the same pattern. In the other exporting country, India, yields declined over previous years, but total production was still on an upward path. Felicitous rainfall around the world pushed yields to new highs. In short, the crop of 1915 was enormous—a record in North America for the decade ending in 1918.[48]

John Sr. wrote Grimes in April 1915 that he expected "brilliant" prospects for the crop but warned that price volatility from such a large crop might make it difficult in the months ahead: "It is a very unusual situation; no one's judgment is worth anything and the only safe thing to do is to clean up and work on the most cautious, conservative cash basis during the balance of the crop." MacMillan was especially concerned that Grimes and the others not take any open position on either side of the market in regard to rye and barley.

MacMillan also wrote Fred Hanchette about the volatility of the situation:

> We have had all kinds of wild markets since last I wrote you. The markets dropped about 30 cents per bu. and are now working back again and it is certainly a fierce matter to know what to do with hedges under such conditions. . . . We certainly never have been up against anything like this year. But unless we get some disaster at the tail-end of the year, I think we are going to have a very satisfactory year. We have always found in the end that it is the years of unusual conditions that we have been able to do the best . . . our experience is able to guide us through such situations . . . while it frightens a great many of our competitors out of the market.

Writing in that same period to Austen Cargill about the "wild markets," MacMillan concluded, "It is a very trying situation, but I am afraid next year will be just as bad as I do not see any probability that this war will be finished up during this next year."[49]

In this same year (1915), John Sr. became skittish once more about what was happening in the Chicago wheat market. Grimes had been doing considerable trading there, and MacMillan wrote him, "I think it is an extremely dangerous matter now to play with Chicago May wheat. . . . Chi-

cago May is liable to corner itself and we cannot afford to take any chances on it."[50] MacMillan's old memories of the "Leiter corner" had been exacerbated in 1909 when speculator James Patten pulled off another famous corner, on Chicago Board of Trade May wheat. The May wheat contract was always a prime candidate for such an effort, either a deliberate one or a "natural corner" from the particular circumstances surrounding the May contract, before the new crop of spring wheat was harvested. When another "Patten corner" had been attempted in 1913 in the December corn contract at the Chicago Board of Trade, everyone's guard was up. In 1915 there were again rumors of Patten moves. It turned out that there was, after all, no corner in this May 1915 contract, and John Sr.'s forebodings about the crop year 1914–1915 did not become a reality; quite to the contrary, net profits from the Superior terminal grain account, a nice $155,000 the previous year, now jumped to $460,000. The line grain account almost doubled, too. On total revenues of just over $22.6 million, the Cargill Elevator Company had made over $680,000 net profit—only a 2.9% margin but an outstanding record in the grain business, in which rapid turnover and very small margins on very large transactions generally prevailed.[51]

This excellent performance, satisfying in its own right, still left in abeyance the overriding debt of the Cargill Elevator Company, the $2.5 million Gold Notes, issued under the aegis of the Noteholders Protective Committee and due "on or before January 1st, 1917." Caution was still very much the byword, and the directors of the Company declared only a 19% dividend (on capital stock), plowing the remaining profits back into the business. John MacMillan, Sr., knew that sometime over the 1915–1916 crop year he had to meet this ominous obligation—and do it in a way that would not upset the credit lines he would need for that year.

APPENDIX

An Alternate View of the Will

(John Work, *Cargill Beginnings*, pp. 146–148)

No public mention was made at the time of Will's death, quite naturally, of his will or of other provisions to dispose of his estate. Shortly after the funeral, however, it was discovered that he had died intestate—that no will had been forthcoming from his attorneys, survivors or from among his effects. His estate, therefore, was required to be put in the hands of a court, for division "share and share alike" among four heirs, William S. Cargill, Edna MacMillan, Emma Hanchette and Austen Cargill. It was surprising, but not unique, that a man of Will's age and

business responsibility should have failed to anticipate his own death with a properly constituted will; especially in view of one younger brother's death six years before, of the earlier incapacitation of an even younger brother and of Will's own declining health since his stroke. Yet the principal legatees and the courts agreed that such was the case, and so the estate was divided.

Nevertheless, a different version is obtained from descendants of one of the principals. This story, rightly or wrongly, has it that the old man did leave a will, but one which had been written antipathetically to one of his four children, Emma, and her husband, Fred Hanchette, ostensibly because the husband had not shown what Will considered "proper businesslike energy" and "was little likely to change."

According to Ellen Hanchette Gleason: "Three months after my mother and father were married, my mother was asked by a doctor at a hotel where they were staying, 'Mrs. Hanchette, do you know that your husband has tuberculosis?' It proved to be true, and from that time until 1911 or 1912, my father literally was fighting for his life. They were not 'traveling' in Switzerland as the La Crosse newspaper said (at the time of Will Cargill's death) but were at the sanatorium in Davos-Dorf. Later, in 1912 or '13, my father . . . had a severe chest operation. Shortly after that we moved to California, in those days considered mainly a health resort."

Mrs. Gleason also said: "My father had what now would be known as a periodic drinking problem, and in the context of that turn-of-the century time, it might have been embarrassing. But I cannot credit that W. W. Cargill would have slighted my mother in his will for father's not having 'proper businesslike energy,' when he was fighting with all he had to lick T.B. and live. It simply is not in character for him to have done so. I know my mother adored her father. She always spoke of him as the dearest man that ever lived and the most generous man in the world. Over and over she told me he would give money to anyone who asked for it or needed it."

In any case, an alternative version is advanced. The story has it that a will was discovered at Will's home in La Crosse by the three heirs present for the funeral—William S. Cargill, Austen and their sister, Edna MacMillan. It instructed that one-half of the estate go to the elder son, William S., and that one-fourth each go to Austen and Edna. It provided that Emma Hanchette receive the income from a $100,000 trust, to be established separately. However, according to our informant, the three heirs agreed among themselves that Emma and her family would be treated too harshly if the will were to stand; that the father's instructions reflected some ill-considered, short-term disgruntlement or pique; that his deeper intentions would best be served if the document in hand were destroyed—and that it was destroyed.

If the story is true, surely destruction of the will had decisive meaning for later Cargill history. The crux of that history, for more than a decade after Will Cargill's death, was exclusion of William S. and his advocates from company management, and the installation as head of the organization of John H. MacMillan. This was difficult enough when four heirs each controlled one-fourth of the estate. It probably would have been impossible if William S. had owned one-half.

As to whether the story is true indeed, we do not know, nor can proof be found. Along with Ellen Gleason, we agree that the will, as described, seems "out of character," inconsistent with our picture of Will Cargill's generosity. We agree with her, also, when she says: "I can scarcely credit that, if he left a will, the sole copy would have been sitting around the house where it could be found and destroyed, or that his attorney would not have known of its existence and had a copy." How-

ever, Mrs. Gleason herself has suggested one possible justification for the will's provisions.

After stating her disbelief that Will Cargill could have discriminated against her father in that way because he had not shown "businesslike energy," she said "Perhaps my father was 'unemployable;' I don't know The fact is, he was the only one of the sons or sons-in-law that did not have a job with the company." Perhaps, then, such provisions as are claimed for the will might not have been meant to discriminate, but to assure his own son's take-over of management of the Cargill organization: to provide the company with a working ownership throughout and, perhaps, to relieve his daughter Emma and her husband of the need for managerial responsibility while also providing them with a guaranteed income, separate from the vicissitudes of such businesses as grain, small railroads or large ranches in Montana.

So much for the story of the disappearing will. The facts, as agreed to by the courts, as recalled by most present descendants and as never officially contested by any of the heirs, must stand as initially stated· Will Cargill died intestate, and a four-way division of his estate followed, necessarily.

PART THREE

FREE TO GROW, 1916-1930

A farmers' club unloading a car of coal, Beardsley, Minnesota.

Stanford, Montana

CHAPTER FIVE

Reorganization, the Great War

Both of John MacMillan, Sr.'s sons went into the Company, each to spend his full business career with Cargill. After John Sr. stepped away from major responsibilities in the firm in the early 1930s, John Jr. and his younger brother, Cargill MacMillan, joined with Austen Cargill to become a triumvirate of family at the center of the Company's management and to provide leadership for some 30 subsequent years.

The personalities of these three men influenced the Company markedly. Austen Cargill's relationship to his father and brother and to his Company mentors, John Sr. and Ed Grimes, has been described earlier. John Jr.'s role became particularly important, for he developed into an intense and controversial chief executive officer of the firm. Cargill MacMillan and Austen also had significant responsibilities, and the Company in these earlier years cannot fully be understood without assessing the sum contribution of this interesting family threesome—three young men so different from one another. The business and personal values given to these three by, especially, their fathers provide many insights in understanding the Company.

John Jr. was born in 1895, five years before his brother, Cargill MacMillan, and seven years after Austen Cargill. In September 1910, John Sr. and Edna decided to send John Jr., then not quite 15, east to preparatory school at the prestigious Phillips Academy (or "Andover") in Andover, Massachusetts. Earlier, both Edna and her sister Emma had gone to a New York "finishing school," the Granger Place School in Canandaigua, New York.

Informative letters from the young prep schooler to his mother and father and a set of encouraging yet strict replies from father to son reveal glimpses into the shaping of family values from generation to generation. At the start, John Jr. did very well in his mathematics and science courses but quite poorly in Latin. In that first fall semester he failed a number of

recitations in Latin but confided to his father, "of course I won't use a pony. I think it is much better to fail them than to do that." He decided to go out for football "because I don't know how to play socker [*sic*] and I am poor at everything on the track—I can't even run a quarter mile without getting a terrific stinging pain in my chest."[1]

His father required him to report via a full-scale single-entry accounting system exactly what he had spent, and in the first two years John Jr. apparently lived within his budget. His father wrote, "I am glad to see you figure out as you go along just what you can afford and hold yourself rigidly in. It is the only way you ever can make a success. . . . I do want you also to try to *save*. No matter what your income . . . figure out some way to save something—otherwise you never will get ahead." The matter was black-and-white to John Sr.: "You must either make progress or you are going backward. There is no half way . . . fix your habits now in the right way, for you are now fixing them for life."[2]

By early 1913, John Jr.'s budget was in the red, and his father wrote, "I dislike tremendously to have you run behind this way, for it shows that you are not living within your income. . . . I do not approve of your running so close that you cannot take care of yourself for anything unexpected. It is a bad habit. . . . Sometimes it seems hard to deprive yourself when you see others spending more . . . never allow yourself merely to drift along."

A few weeks later, he wrote more bluntly, "You have got to make your own way in the world. Don't ever get thinking that I am rich, for I am not. It is all I can to educate you boys and live in comfort ourselves, and any calamity like my health breaking down, business reverses and the like might make it necessary at any time for you to earn your own living."[3] (The years 1909–1916 were tenuous for John Sr. as he attempted to reorganize the Company in the face of the W. W. Cargill estate's huge debts—he did not know what was in store for the Cargill Elevator Company.)

In December 1912, just prior to the budget problems, John Jr. was involved in an escapade. In the course of a roughhouse, he broke down a door. Right afterward, he obtained an agreement that his friends would reimburse him for the cost of a new door. The school declined to look on the matter as something that could be corrected by payment and suspended John Jr. and several of his friends from the building in which they had been living, although not expelling them from the school itself. His father, outraged at John Jr.'s behavior, minced no words. Breaking things with impunity just because one could pay for them was a cardinal offense in his mind.

John Jr.'s letter explaining the affair must have fallen short of what his father expected. John Sr. wrote, "Now one does not improve his own character and sense of proportion by playing the baby. The spirit you show in your letter is beneath you. It is the spirit of the boy who says 'I won't play' because he cannot have his own way." John Jr. confessed he had flunked a chemistry examination just before the incident, and his father railed, "You are heedless and careless . . . allowing yourself to drift with the current instead of making the most of your opportunities in the right way, struggling with difficulties and hardening and toughening your will and moral fiber—in other words, developing character." His father urged John Jr. to apologize to the faculty members, "then forget the incident. Don't talk about it, and if the incident is talked about in your presence so that you cannot ignore it, admit cheerfully that you only got what you deserved, that it was a silly, foolish thing you did and you will soon have the respect and good wishes of both the boys and faculty."[4]

Caviling about Schoolboy Discipline

John Sr. firmly backed the acting principal, Charles H. Forbes (Alfred E. Stearns, the principal, was abroad for the year) in the penalties exacted on John Jr. Forbes, in his return letter, responded that he was "especially grateful to you for the way in which you upheld the discipline which we have felt necessary to inflict." He expressed confidence in John Jr.—that his indiscretion was "merely an outburst of animal spirits, which does not indicate any trouble with his character."

Within weeks, however, John Sr. and Forbes had a confrontation over another disciplinary matter, not one directly involving John Jr., occurring just after Christmas vacation. Andover's adamant policy requiring its students to be back strictly on time from vacation periods had involved another Minneapolis boy, who had been late returning from Christmas break after having been sick. He presented no medical excuse for his tardiness, and the school had suspended the young man for a term.

John Sr., incensed, wrote a stinging letter to Forbes: "When you undertake to discipline parents because of their deliberate decisions, I believe you are jeopardizing your influence with your boys. . . . The home is a more fundamental institution than the school. The authority of the parent is paramount to that of any school faculty."

MacMillan then fell into a chauvinistic comparison:

> You are creating a feeling of hostility against the school in the communities to which the boys belong. I have talked with a great many people in Minneapolis over your action in this case, and in every instance your action has been condemned most vigorously . . . it may be that Phillips Academy does not care particularly to have Western boys. If so, your action in this matter will perhaps be sufficient notice in this community, but if you do want the Western boy then you must respect family rights and treat both the boys and parents with justice and courtesy.

Forbes wrote back immediately. Absence policy had been set by the "Absence Committee" of 40 members—the president of the board of trustees, "a Boston banker, heartily supports us." Forbes curtly addressed the issue of school versus parent: "I must regretfully inform you that this school differs with you on your statement of the paramount authority of the parent in school management. Not for *fifty* years, at least, has any parent been suffered to oppose his will successfully to that of the Academy authorities, in matters pertaining to school regulations. No self-respecting school could be conducted on any other terms." As to "the Western boys," Forbes dismissed the MacMillan allegation out of hand: "You were not, of course, serious in suggesting that we do not wish Western boys. It is our pride that the school covers the country, and it does this because we try to run a good, strong school that pays attention to the business of education."

John Sr. remained extremely irate, arguing that "parents have a still greater authority and have the unquestionable right of selection of school their boy shall attend." He could not seem to drop his concern that the Minneapolis boys were being discriminated against: "If your pupils look upon this in the same light that Minneapolis people do, it cannot help putting a decided check."

Forbes gave not an inch.

> We must continue to sit on opposite ends of the log. We do not question the right of the parent in the 'selection of the school his boy shall attend,' but when he sends him to us to be cared for in body, mind, and character, we do not accept the grave responsibility without undisputed control while under our charge Would you accept the job on any other terms? . . . There never was a school that ever was seriously injured, or that lost standing amongst intelligent people, by insisting on promptness, attention to duty, freedom from special privilege, and one law for all

This last phrase was targeted to John Sr.'s allegations of discrimination against Minneapolis boys. There the matter rested—Forbes had not acquiesced in any way; John Sr.'s fulminations had gone nowhere.

When John Jr. and his friends persisted in agitating about the case, John Sr. came down hard: "I notice . . . a growing disposition to insubordination—now you must cut that out. . . . You are certainly getting yourself in bad and there can only be one end to that sort of thing. Discipline is an absolute necessity in school business, as in all other affairs in life . . . you are not trying to help the management."[5]

John Sr. apparently felt this was the occasion to urge John Jr. to take a job the following summer: "I want you always to feel that work is a great privilege—not a penalty, and you want to earn the right to work, as you would prize any other right. . . . If you succeed you are fitting yourself more especially for intellectual work, to make your mind instead of your muscles the governing force."

John Jr. hinted that he might leave school, for he was still smarting from the incident of the door and angry about the suspension of his Minneapolis classmate. His father responded, "To quit school because you feel hurt would no more develop your mind than to sulk would develop your muscles. The worst feature would be that it would weaken your character by running away from an unpleasant experience. . . . I don't want you to think that I am scolding. Everyone makes mistakes. I only want that you learn from your experiences in life. Make every experience teach you its lesson and you will then continue to grow in character and understanding." Once again, John Sr. had expressed his strongly held tenet about the recoverability of a mistake, provided one learned from it.

John Sr. chose, too, to mention another parameter of John Jr.'s life that worried him. John Jr. needed to develop a network of friends, not only for their good companionship and help in enjoying life but also because "it increases tremendously your influence and that makes wonderfully for success. Many a man with little brain capacity makes a great success in life because he has a great capacity for making friends. These friends advise with him and help him over many hard places and frequently into good fortune because they like to benefit a friend." This seemed not a concept of "using" friends but drawing mutually upon friends for support and nurture. "You are naturally weak there," his father went on, "and it is all the more necessary that you should exert yourself so as to overcome this tendency. Make yourself one of the crowd and *be a leader*."[6]

Nor was John Sr. happy with his son's expressed career objectives. By this time, John Jr. was doing honors work in algebra and stood well in chemistry and physics, yet he still recorded an E in Latin in the spring of 1913. John Jr. had indicated interest in engineering, and his father was not enthusiastic. Engineers were out in the field too much of the time, John Sr felt, and were never near the power center "To get ahead in the world, from a financial sense at any rate, it is quite essential to be able to mix with those who are leading the various lines of business. It is much better for example to be the stenographer of a man like J. J. Hill, Mr. Dunwoody, and men of that type if one has a genuine ability than to occupy a fairly good position in a city like La Crosse. Big men are always looking for men of ability but naturally are confined to men they know of through their associates. . . . That is why it pays to be where you can know the big men." It was the rule rather than the exception in grain trading companies in those days to have mostly male stenographers; that was how Ed Grimes, for example, got his start in Cargill.[7]

But John Sr. was not a reflexive patrician, interested only in associating with men of money and power. At one point, John Jr. was doing some classroom field work in a working-class neighborhood in Lawrence, Massachusetts, and his father wrote:

I am much pleased at the experience you are getting in Lawrence. It puts you in touch with a class that ordinarily you could never see and it broadens one tremendously to keep in touch with business life in every strata of society. You will find people just as true and generous in the lower walks of life as in the upper and I am sure you will more and more be impressed with the fact that people are pretty much the same wherever you find them. Differences in social strata are more differences in opportunity than in intrinsic merit and it is intrinsic merit that is worthwhile—not because one man has had a little more money than another or that his father had before him.[8]

John Jr. graduated from Andover in the spring of 1914 and worked for the summer on the MacMillan ranch near Lubbock, Texas. He enjoyed this enormously and vowed, almost facetiously, that "the chief objection to farming is that you apparently have to get up before daylight and work until after dark."[9]

He entered Yale University in the fall of 1914 and found its academics more appealing to him. He wrote his father about the senior faculty members: "The older ones . . . mark easy, are only too glad to go over a paper with you in which the mark doesn't suit you and in classroom are able to make the courses interesting as possible. They discuss everything under the sun." In his second year at Yale he was able to enroll in a course with the famous economist Irving Fisher, who was teaching a course on "national efficiency." While mathematics and science had heretofore been John Jr.'s favorite subjects, he found this social science course "very good," for "in it he explains all his pet theories, etc. I really believe that is the only reason why they have it at all—just to give him a chance to teach the things that he has evolved."

Yale was a good fit for John Jr. His social skills had broadened measurably. He became an officer in his own fraternity house and led his brothers in planning a new building. Still not a student, he developed several moneymaking ventures and also enjoyed Yale's perennial poker games. He began to show a sense of his fellow man that his father had pushed him toward at an earlier point. He and a few of his friends, for example, befriended a young Irishman who had come across the Atlantic with practically no money and was peddling on the Yale campus. The young man said he was a graduate of the Royal University of Ireland and had been a teacher until his health had broken. A doctor had urged him to "take a sea voyage," and that had led him finally to New Haven. John Jr. helped the Irish visitor to find employment and wrote at length to his father about the experience.[10]

Thus emerges once again the lasting set of personal standards held by John Sr., espoused through business decisions but representing almost visceral internal beliefs, then to be passed along to his children. Over and over come forth his qualities of honesty, perseverance, and thrift, almost a 20th-century reiteration of Benjamin Franklin's "poor Richard." In John Jr.'s adulthood his father developed an almost boundless admiration of his son's unique intelligence and an uncritical acceptance of anything that John Jr. then espoused. But in these teen years he exhorted, encouraged and shaped his son's goals. John Sr. must have found it sometimes difficult to fit this into his analytical mind—not stifle John Jr., not cause enormous rebellion, yet put bounds around him. John Sr. had a quality of acceptance and empathy for others' views, whatever their social class, but John Jr. found this difficult to emulate.

Perhaps the single best example of this credo of John Sr. is found in his letter written to John Jr. on the occasion of the latter's 21st birthday on December 1, 1916. The letter begins:

It is hard to realize that you have become a man . . . responsible for your own destiny. Your days from now on will be filled with care, with sorrow and I hope also of joy. Whether your life will be a failure or a glorious success depends entirely upon your own efforts. If you show dogged perseverance and determination and rugged honesty, there can be no question of the outcome. The greatest thing in the world to my mind is character and that is attained only by rigid self-analysis as well as honesty, courage and determination and hard work. . . . The happiest are those who do their full share of hard work. A little play is necessary for relaxation and good health and I hope you will never forget how to play. That will keep you youthful but that should be only an incident of life—not the main purpose.

Next telling his son that he had made him a small gift of Cargill Elevator stock, John Sr. then propounded a Spartan piece of advice about saving: "I hope this will be an incentive to you to begin saving as soon as you begin work so as to increase your capital rapidly. You want to make it an infallible rule to save at least 1/3 of your income to add to your capital each year. No matter how small it seems, the discipline and training are worth many times the money involved. One of the most disastrous things in human experience is extravagance, and it leads to most awful temptations."

By the time John Jr. had reached his majority, John Sr. seemed increasingly concerned about the health of his oldest son. As early as 1913, he had been commenting on John Jr.'s "poor physical condition." By 1916, John Jr.'s smoking seemed to his father to loom as the biggest threat. John Jr. visited his brother Cargill at Andover in November of that year and was seen smoking as he walked the streets there. His father immediately fired off an incensed letter: "I was very much disappointed that you should give way to such a silly notion as to smoke cigarettes going down Main Street at Andover. I wonder if you realize how much your influence is over Cargill and his young friends. Seems to me that you are old enough now to feel a personal sense of responsibility."

Then, in March 1917, John Jr. had an operation on his tonsils, and his father once again came back to the smoking: "Any one secretly holds in

contempt one who becomes a slave to any vice and I fear you have gotten to the point where you have lost control. If so, you can be very certain you will pay a fearful penalty. If you cannot control your habits, you cannot long keep self-respect."

The close of the letter contained a curious warning: "You are of an extremely nervous temperament and it is of the utmost importance that you control yourself absolutely or you will break down under any heavy strain. You cannot stand excesses of any kind and it will be necessary for the next few years to do nothing that you know is keeping your nerves at high tension. . . . I am convinced that if you do not take proper care of yourself that you will become neurotic and a sort of semi-invalid." The last sentence of this paragraph seemed almost an order: "I should like to have you prove your will power to do things in such a normal fashion that there can be no question about building up your strength, health and general constitution."[11]

The sum of all of this advice and admonition gave John Jr. an unparalleled view of John Sr.'s values. John MacMillan, Sr., had consistent beliefs; he articulated these frequently and effectively, and they represented a set of personal axioms that already had become the business objectives of the Cargill Elevator Company. The legacy to the Cargill of today cannot be overemphasized.

Freeing the Debts

The "Gold Notes" of Cargill Securities Company hanging over the entire Cargill Elevator Company organization had conditioned so many moves. Perhaps the situation was not as restrictive as pictured in the 1945 Cargill history, which intoned; "the aggressive merchandising and warehousing policies were replaced by conservative operations . . . the Company could no longer assume substantial business risks." After all, in this interim, Peavey's "Belt Line" terminal (later Elevator M) had been purchased in Superior, Wisconsin, and there had been major construction at Elevator T in Minneapolis. Still, John Sr. had had to be careful.

There had been five profitable years in the Elevator Company since the shock of W. W. Cargill's death in 1909, with dividends paid for all of those years. Finally, however, the Gold Note deadline—due on or before January 1, 1917—had to be faced, either by reorganizing the debt into new securities or by eliminating it altogether. There were three critical dimensions.

First, resolving the problem was to be a public matter, as the notes were common knowledge among the financial community and traded therein, and the establishment of the Cargill Securities Company and the subsequent issue of its Gold Notes had been widely reported in the press. John Sr. had a thoroughgoing dislike of publicity generally but had no choice.

Unfortunately, the public image of the Gold Notes was ambiguous. Indeed, John Sr. had had to face periodic queries about "just how strong those notes really are." For example, rumor had reached John Sr. early in 1916 through a Boston notebroker that the notes were being offered at a discount—an implication that there was weakness in them. MacMillan immediately wrote back: "Now these notes are worth par and there's no reason why anyone should sell them for less. . . . In fact, if anyone wants to throw off the accrued interest, I can find a purchaser for the notes. . . . I hope you will advise all of the holders of these notes not to sell them as there is no reason why they should not bring the full value . . . there is no question whatever about their being paid at maturity." The correspondent wrote back an unsettling letter: "It would seem as if the inquiry that springs up on these notes, from time to time, probably originates from some source in Minneapolis, who feeling that they know something about the situation, may be endeavoring to make a little money out of it" [presumably by selling short]. This comment must have upset John Sr. even more, for he hated having anyone talking about him behind his back.[12]

The second set of issues loomed larger, indeed dominated John Sr.'s thinking: how could the Elevator Company get through this period while at the same time preserving its own economic health. By early July 1915, it was clear that Cargill's just-completed crop year, war-stimulated, had been considerably more successful than anyone had anticipated. John Sr. wrote T. F. Baxter, the Boston member of the Noteholders Protective Committee, about the good news. John Sr. had begun to see a way through the maze, utilizing once more the excellent earnings of the Elevator Company to pay off at least a large portion of the Gold Note obligations. He told Baxter, "Of course, we have no intention, as you can judge from the above, of giving out our earnings, as I do not want to show them as large as they are."

He amplified to Baxter a few days later: "After consulting with Mr. Jaffray and Mr. Hixon [the other two members of the Committee], we have decided to increase our concealed assets account by $100,000.00. . . . When it comes to making a final large dividend to meet the Cargill Securities notes it will help out our statement very much if we can have a large account of this kind, which does not show up in a statement, for it will not show such a tremendous cut in the surplus account of the company." (He also chatted with Baxter on the telephone at this time, apparently the first instance that direct connections had been made for MacMillan between Minneapolis and Boston. "It was quite a novel experience," he said afterward.)[13]

The third set of issues undoubtedly was the most draining. These were the often-knotty family tensions. A substantial circle of MacMillans and Cargills had lived close for many years, with all of the personal links and

affections that family can give—but also with the misunderstandings, hurt feelings and personal attacks that can occur in such a close relationship. In this case, the effect on the W. W. Cargill estate of the expansive plans in the West, particularly those at Valier, Montana, had brought strong passions to the fore relating to the role of son William S. Cargill and his partners. The questionable activities of some of Will's cohorts and their antics had disgusted the remaining principals.

The other heirs most immediately involved were W. W. Cargill's sister, Margaret Barker ("Aunt Maggie"), the widow of George R. Barker, and S. D. Cargill's widow, Lydia Ellen ("Aunt Lydia"), together with the other direct descendants of W. W. Cargill: daughter Emma Hanchette, daughter Edna MacMillan (John's wife), and son Austen S. Cargill. By the time the Cargill Securities Company was established in 1912 and the reorganization process under way, severe antagonisms had surfaced between Will Cargill on the one side and all of these heirs on the other.

John Jr. chose, perhaps unwisely, to reopen old wounds, writing a thesis in his Yale corporation finance course in the spring of 1916 about the Valier project. His judgments were harsh:

> The manner in which the endorsement of W. W. Cargill was obtained by his son cannot be easily passed over. The number of misrepresentations and exaggerations is such that they can scarcely be called mistakes, particularly when W. S. Cargill had the deeds and bills of sale right before him. . . . Furthermore the conduct of affairs by Cargill and Withee could not bear inspection. They made contracts which they must have known they could not live up to. Their books are full of errors and misstatements, although the books themselves are few in number: No satisfactory accounting was ever made for large sums of money . . . the elimination of these two gentlemen was imperative, once the true state of affairs had been uncovered.

John Sr.'s correspondence at the time expressed the same feelings.[14]

There had been practically no contact between Will and the MacMillans, John and Edna, nor with the Hanchettes; the only link to Will was through Austen. In no way was Will to be allowed to continue the indulged position he held before his father's death, and this changed fortune must have been a terrible shock to him. He had been furious in 1912. Now, four years later, his animus again surfaced. Manifestly, Will was going to be a difficult person to deal with in any debt reorganization.

A Fresh Blueprint for Action

Acutely aware of these tensions, John Sr. wrote Fred Hanchette, Emma's husband, in March 1916, about a draft he had given Austen of a possible plan: "This is written primarily to give him the necessary data to take this refinancing matter up with Will Cargill to find out what his attitude is going to be. I think Austen rather shrinks from undertaking anything of the kind, but I do not know any other way to reach him, as Austen is the only one on speaking terms with him that I would dare trust to handle anything of this sort."[15]

John Sr. amplified his unease in a letter to Hanchette a few weeks later, in April: "Edna and I are planning to leave here Monday night and spend Tuesday with Austen and Anne in Milwaukee and it is possible by that time Austen may be able to throw some new light on Will's attitude. . . . I am inclined to believe that we will probably have to go ahead . . . none of the rest of us are willing to allow Will to dictate the policy of the Cargill Securities Company, and say what shall be sold and what shall not."

He elaborated his plan: "The way the thing stands . . . Emma, Edna and Austen will have to pool their stock in some kind of a voting trust and in this way, we could keep the present directors in charge and I think could refinance whatever will be necessary without coming to any final agreement with Will." Having the matter "be unanimous with Will, too, would be better," John Sr. concluded, "but one of the advantages of a corporation is that the majority of the stockholders can control its policy, while, when the estate was in Probate Court, it required unanimous consent."[16]

By mid-May 1916, family discord had worsened. When Austen Cargill met with Will, the latter "practically threatened to make trouble if his demands for being bought out were not complied with." Soon John Sr. fleshed out a more sophisticated version of his plan to F. P. Hixon, who was influential in this whole set of events as not only one of the three members of the Noteholders Protective Committee but also as a nonoperating vice president of the Cargill Elevator Company.[17] The situation was this: The Cargill Securities Company was owned in one-quarter shares each by Will Cargill, Austen Cargill, Emma Cargill Hanchette and Edna Cargill MacMillan, as the four heirs of W. W.'s estate. Their shares had been trusteed to the bank during the term of the Gold Notes. The estate had a number of illiquid assets, including the British Columbia timberlands; the cutover lands in Arkansas and, after the Sawyer & Austin sale, some miscellaneous yards of Sawyer & Austin and Banner Lumber Co.; the Mexican land (which could not even be visited because of the Mexican revolution); the Valier project in Montana and the La Crosse & Southeastern Railway. There was a set of debts totaling $2,651,000, made up of the $2,499,000 of Gold Notes, together with some accrued interest owed and a note of Sawyer & Austin due the Cargill Elevator Co. Finally, the estate had some income from the bauxite leases on the former Sawyer & Austin lands.

The Cargill Elevator Company continued to be the one strong link in the situation. It had been successful over the past five years and had a healthy surplus built up. About one-sixth of its stock still was held outright

by "Aunt Maggie" and "Aunt Lydia," the remainder was trusteed to the Noteholders Protective Committee by Austen and Will Cargill, Emma Hanchette and Edna MacMillan as security for the Gold Notes.

John Sr. now proposed a plan to resolve the issues. Its outline was as follows:

1. The Cargill Elevator Company articles of incorporation would be amended to increase the authorized capital stock to $2,400,000 (from $2 million); $1.6 million of this would be common stock; $800,000 would be 7 percent preferred stock.

2. The *present* stockholders (i.e., the two widows and the bank as trustee) would then receive $800,000 of the common—one-half—and $800,000 of the preferred, all of it.

3. A cash dividend of $240 per share would then be paid to the widows and the trustee, with the following effect on the Cargill Elevator Company, using rounded figures:

Capital	$1,000,000
Surplus	3,000,000
Total	$4,000,000
Less dividend	2,400,000
Remaining capital and surplus	$1,600,000

Inasmuch as this $1.6 million was just about the value of the company's actual capital assets, there would be essentially *no* surplus left. If the Cargill Elevator Company was left in this situation, it would be a precarious position, especially because a zero surplus would be a conspicuous red flag for lenders to a grain business. Therefore, additional capital would be drawn in by selling the remaining $800,000 of the common stock.

The Gold Notes, together with the accrued interest owed and the small Sawyer & Austin debt, totaled $2,651,000. The cash dividend would yield just about $2 million for the Noteholders Protective Committee, its five-sixths share (the one-sixth share of the dividend going to "Aunt Maggie" and "Aunt Lydia"). If about $700,000 additional could be added to the Committee's $2 million, the Gold Notes could be totally retired. So C. T. Jaffray, the banker member of the Committee, formed a syndicate of banks for a $700,000 loan to Cargill Securities Company, with the security to be the income stream from the bauxite contract (which would retire the principal of the new loan) and the Cargill Elevator Company preferred stock dividends (which would pay the interest). These pieces were put in place, and the Gold Notes were retired forthwith.

John Sr.'s letters expressed his relief. He wrote T. F. Baxter, the notebroker member of the Committee (which disbanded itself, of course), "In financing this reorganization the . . . Elevator Co. did not have to borrow a dollar. . . . I feel very much pleased over that, as I have been very doubtful of our ability to get our grain sold and turned into money by July 1st."

He shared his pride with "Aunt Maggie:" "We have been receiving the heartiest congratulations of our banking friends."[18]

It remained only to close one more loop. It was important to acquire immediately the further working capital by the sale of the 8,000 shares ($800,000) of common stock. The purchasers became a combination of (a) members of the board of directors and other key top management people, (b) a set of other trusted Cargill employees, some fairly far down in the organization and (c) a few outsiders, close friends of the owners. The sale to employees fulfilled a wish John Sr. had expressed to W. W. Cargill, as far back as 1906, of "taking in the boys." W. W. had responded positively then but had never done anything.

Inasmuch as the second group—the lower-level employees—would not likely have much cash to put into such a scheme, an ingenious alternative was constructed for them. The two heirs, Aunt Maggie and Aunt Lydia, having received substantial cash from the dividends noted earlier, agreed to use considerable portions of that cash as loans to the employees. The 1945 Cargill history put this candidly: "Thus, by indirection, some of the dividend money found its way back into the grain company."

Despite the attractiveness of the plan, C. T. Jaffray was uneasy about it. John Sr. reported to Hixon:

> His [Jaffray's] first impression was that we were asking a good deal of Mrs. Cargill and Mrs. Barker and made a suggestion that perhaps it would be better to offer them some of the preferred stock . . . and let the Cargill Securities Co. then loan the money to the employees. I did not take very well to this suggestion . . . it would make a very difficult situation to explain to the Cargill heirs [here John Sr. likely was thinking particularly of the Hanchettes]. They would naturally think that if any of the estate stock was sold for cash it should go to pay debts instead of being used to allow employees to buy common stock.

Apparently Jaffray's misgivings were resolved, for the loan plan involving the two women became the final basis for settlement.

John Sr. had no trouble in selling the stock. "I have been overwhelmed with requests from various people." Some was to go to Hixon, "who has been associated with us through all these difficulties" and some "to the Osborne McMillan people, who are altogether our largest customers at Duluth, and to a very few of our closest banking friends who have done so much for the credit of the company."

The remaining stock went to the employees. Even here there were allocation problems, as John Sr. lamented: "I did not have enough to take care of all . . . that I felt were entitled to some. . . . We must take care of the men at the top first, as it has been their ability and long and faithful service that has put the . . . Co. in such remarkably strong condition."

Strong it was. With the sale of the remainder of the common stock, the

complete plan was now a reality. In their final report, on June 15, 1916, Hixon, Jaffray and Baxter, the members of the Noteholders Protective Committee, ready to disband themselves, succinctly summed up the accomplishment: "It is apparent that the creditors could not have been paid in full had an immediate liquidation been demanded. The wisdom of the plan entered into at that time is proven by the results, the creditors are to be paid in full with 6% interest and the estate to be returned to the Cargill heirs is a very substantial one."[19]

Settling with Will Cargill

As the plan moved to fulfillment, Will Cargill finally decided to capitulate to the other heirs. John Sr. had written Hixon on June 7, 1916, that the trust officers had approved the plan, though "a little fearful of Will Cargill in any plan which might be adopted, as he has openly threatened, as you know, to make trouble." John Sr. was even willing to make concessions to Will about income, but told Baxter that if Will would not agree, he would "put the plan thru rough shod without his consent." Six days later, John Sr. triumphantly reported to T. F. Baxter that "Austen had a long deal with Will Cargill Saturday and made a trade with him for his stock which is perfectly satisfactory all around. . . . This is going to eliminate Will entirely and, of course, it is a source of great satisfaction to all of us." John Sr., still fearing a last-minute recalcitrance, added, "knowing Will Cargill as we do, however, we do not dare consider the trade closed until it is actually consummated." When Austen wrote him a few weeks later that "I am having one grand time getting my papers back from Will. . . . I have already written him half a dozen times and he has promised to send them each time, but up to date I have not seen anything of them," John Sr.'s perturbation increased.

Haggling with Will ran into mid-August. By this point, the shares of the Cargill Securities Company were back in the hands of the four family owners, Austen, Will, Edna MacMillan and Emma Hanchette (5,000 shares each). The W. W. Cargill estate at that time had a book value of approximately $2 million; Will Cargill now accepted an offer of $500,000 for his share. John Sr. spelled out the details to Baxter: "$50,000.00 cash, $200,000.00 of the La Crosse & Southeastern Ry. Co. bonds, to be guaranteed by the Cargill Securities Co., and his [Austen's] note for $250,000.00 without interest for five years and then interest to run at the rate of 5% for another five years." The arrangement was to be between Austen and Will alone; the latter had made this a condition. Afterward, John Sr. joined with Austen in sharing the ownership of this stock. There is only a partial record of how John Sr. and Austen worked this out; it

involved both cash outlays and further financial commitments by both. The Hanchettes did not participate. Austen then owned 7,496 shares of common stock in Cargill Securities Company; John Sr., 2,500; Edna MacMillan, 5,000; and Emma Hanchette, 5,000 (the other four shares were held as qualifying shares by other directors).[20]

The Employee Stock

The sale of Cargill Elevator Co. common stock to employees and outsiders had one important feature, and it is necessary to understand this in order to anticipate a stockholder crisis that occurred later, in 1925. The full effect of this sale could be seen in the "Shareholders and Their Holdings" section of the June 30, 1917, Cargill Elevator audit report. Aunt Maggie and Aunt Lydia still had their holdings, 655 shares each; John and Edna MacMillan controlled some 4,008 shares; brother Daniel MacMillan, another 500; Austen Cargill and his wife Anne had an additional 2,508 shares, Emma Hanchette (Edna's and Austen's sister) controlled 1,672 shares; and there were small holdings by other family cumulating to 300 shares. If one adds up all of the shares just described, the Cargill and MacMillan holdings, the total was 10,298. There were 16,000 shares outstanding in that June 30, 1917, listing.

The remaining 5,702 shares were those put in the hands of employees and close friends. Two members of the Creditors' Committee, Hixon and Jaffray, each took shares (Hixon took 500, while Jaffray took only 50). Two of the Osbornes and J. D. McMillan, all members of the Osborne-McMillan Grain Co., took shares, and several other close friends had small holdings. The remainder was divided among some 25 employees, some of them in top management—names we already know—and others far down in the organization, including cashiers, office boys, and so on. Several holdings were rather large. Frederick Lindahl and his wife had 1,000 shares; J. B. Taylor and A. M. Prime, 500 each; and J. B. Cooper and Ed Grimes, 250 each. The holdings ranged downward from there: several at 200, one at 175, another at 150, several more in the 50-to-100 range and even four people at 25 and three more at 20 shares. It was a sharing of the Company among its employees in the broader sense of the word, in contrast, for example, to a plan with shares rewarding only those in senior positions. Thus, roughly one-third of the Company was owned by Cargill family members, another one-third by MacMillan family members and an additional one-third by this group of outsiders and employees.[21]

The minutes of the Board of Directors authorized special provisions for the stock of the officers, agents and employees of Cargill. They were sold stock designated "employee stock," stamped right on the shares, and were

required to execute an agreement that the stock would be sold back to the Company if they left the organization or died. They could not transfer the stock. The stock could be redeemed only at the Company's discretion, and the redemption price was to be the book value at time of redemption. The contract itself made clear that the stock was "for the purpose of increasing his [the employee's] interest in, and securing his hearty cooperation . . ."

In all other respects, however, employee stock carried full rights—for dividends, if declared, and with full voting rights. The stock of Hixon, the Osborne-McMillan people and the bankers did not have the "employee stock" provision, as their shares were unrestricted common.

This was a complex plan. One can imagine how easy it would have been at that time for persons untutored in arcane financial matters to become confused about the nuances of such intricate matters. Each of the two aunts had her own family advisors, who worked closely with John Sr. in a friendly but legitimately arms-length manner. The other "amateur" voices (in terms of financial understanding) were those of Emma Hanchette and her husband Fred. Fred had not worked for years; he had sporadically been ill with tuberculosis since his marriage to Emma, and their living and medical costs had demanded substantial resources. Emma's stake in the Cargill Elevator Company provided this. There appears to have been an affable relationship through the years between John Sr. and Fred Hanchette. The two men had corresponded every week or two, and these letters, most of them extant, chronicle an interactive and friendly association. Still, the fact remained that Emma had been "carried" by her father for many years; in W. W.'s account books are many payments just "to Emma," with no similar payments to the others.

Emma Hanchette Demurs

The reorganization plan had *not* been clear to Fred and Emma Hanchette, and after it was consummated, there were angry statements by Emma about some of the details, particularly as they related back to the settlement of the original W. W. Cargill estate and the executors' fees that had been paid at that time (1912). Also drawn into the misunderstanding were Austen Cargill and J. B. Taylor, who as secretary of Cargill Securities, had kept up an extensive correspondence with Austen and Anne Cargill and the Hanchettes.

Once the parameters of the reorganization plan were clear, in mid-June 1916, Frank Hixon wrote Emma about it, stating that the situation was "in splendid shape . . . of great advantage to the Cargill heirs" and that "I don't see any reason why you should not be provided with a reasonable income at least double the amount you have had available of late." Austen would come out to California to give her "details" on the plan, "as it would be very hard for you to understand it by reading it over."

Austen seemed the ideal person to do this. He understood finance. He also was a generous, open person—he loved everyone and everyone loved him. His relationship with Fred and Emma was close. However, he sometimes also found it difficult to tell anyone "no."

Austen went to California and after his return wrote Emma a somewhat abstruse letter to the effect that he had been "thinking of ways and means whereby I could secure for you an income of a thousand a month . . . at the start I realized that John [MacMillan, Sr.] would be the biggest obstacle, so I tried to think of some way that he would be placed in a position where he couldn't refuse my request. I . . . talked the matter over with Jim [J. B. Taylor] . . . as soon as I saw Jim felt as I did regarding your income, I told him what I was trying to do." The particular proposal Austen had in mind would have incorporated adjustments into the plan compensating for several advances that had been given to Fred and Emma earlier by John Sr., at the same time formalizing further payments to the Hanchettes. Austen continued, "after talking the matter over with John, this was finally done but it does not in any way affect you, as no interest will be charged and you will have all the time you wish to pay for it."

Independently, John Sr. had sent his own letter to Fred and Emma, outlining how *he* would handle the Hanchette advances. This plan was considerably more complex than Austen's, the major difference lying in MacMillan's desire to reconcile the advances through a set of dividends, rather than having the advances go through the Cargill Securities Company books.

Austen also wrote J. B. Taylor about this and in the process revealed his misgivings about Emma's handling of money: "You are incorrect in thinking that we were to send her $1000 the 15th of July and another $1000 on the first of August. It was both John's idea and my own that we send her $1000 six weeks apart . . . our object in doing this was to avoid her getting an impression that she was going to receive $1000 monthly." He added, in a handwritten aside, "I did not want her to know we gave John the cash [the amount in the proposed settlement] as she has some funny ideas regarding this matter."

The details of these two plans are not germane here; the response of Emma Hanchette is. Part of these advances, some $5,000, was straightforward. The remainder, just over $10,000, came from settling the W. W. Cargill estate, when Hixon and John Sr. agreed not to keep their one-third fee for executor but, rather, send this amount along to the Hanchettes. Will Cargill already had taken his one-third of the fee. Both John Sr. and Austen Cargill assumed that Emma and Fred knew that the monies she

had received from John Sr. were advances. Now, in a letter Emma wrote John Sr., she registered new doubts: "You and Mr. Hixon gave me that money with no stipulations that I ever heard of . . . when Fred went to thank [Hixon] he said we would someday repay it and he said he didn't want us to." Further, Emma averred, the way the debt was originally calculated was faulty—inasmuch as Will Cargill had taken himself out of the situation back in 1912, the credits for the debt should now be split three ways (Emma, Austen, John) rather than including Will as a fourth. The amount here was very small, but because Austen and John now held equally the one-fourth that had come from Will, each would be getting slightly more credit. Emma seemed particularly to feel that John Sr. "squeezed too hard" (words she had used before and would again).

Both John Sr. and Austen Cargill now replied to Emma, on the same day and in the same vein. Emma simply did not understand the rationale of the $10,000 payment, they both stated. She was incorrect about the minor discrepancy and, further, interest was only fair inasmuch as the employees had to pay such on the notes owed for the stock. Both John Sr. and Austen now decided that the best plan would be to take the whole process through the books of the Company, in the process reducing the Hanchette holdings of Cargill Securities Company assets (specifically, some of the railway bonds) in amounts that could reconcile the whole matter. Austen was diplomatic in his exhortations to the Hanchettes: "Now, I realize that you are perfectly right in figuring as you do, since it was our intention at the time this money was advanced to handle it in such a way that Will would not share in its division. However, now that Will has been eliminated I think you are making a big mistake if you insist that we treat this advance as originally planned, and I earnestly urge you to overlook the difference and drop the matter."

Austen and John Sr. did not have long to wait, for Fred fired back an antagonistic letter to John Sr., recounting how he and Emma were having to sell assets to pay some of their own bills—"upon my word, I think it is 'no fair' to ask us to dispose of these bonds to pay these debts," he added piously. "It never entered the heads of either one of us that there would be any hurry about paying you the . . . loan." He ended the letter with a challenge: "Now you sit down and answer this letter and be just as candid and frank as if you were writing to yourself."

Fred Hanchette had his request answered in a way he likely little expected. John Sr. wrote back a caustic letter:

> I am afraid, judging from your letter, that neither you nor Emma realize that we have, all of us, been seeing that you were furnished with money as needed and that without any interest, and this interest would amount to several times the difference between the one-quarter or one-third of those fees that you refer to. . . . The plan which you suggest is simply a continuation of what has gone on in the past, viz: that you shall continue to be favored and carried along without interest, while Austen and I are both staggering under a heavy load of indebtedness which is costing us interest. . . . You have asked me to be candid and frank and I have been just as candid and frank I think as you have asked me to be, and I write this kind of a letter with a good deal of reluctance. . . . I think it is perfectly safe to say that you can figure that your average dividends on your proportion of the Cargill Elevator Company stock will average $25,000.00 a year, so if you will stop and figure these things out, there is no need to look at anything from a petty point of view.

John Sr. was being conservative on this figure as the dividends over the four years just past had averaged 21.5 percent—Emma and Fred's dividends had averaged over $53,000 a year for these four years.

Hanchette, chastened, responded with a placating letter:

> It is just the kind of letter I wanted you to write, that is as to the frankness, and you are right and we are wrong. I am mighty glad to acknowledge it. We were not looking at the matter right and I am sorry we took such a narrow view of things. Years ago I remember you and I were talking and we agreed we should never have any difference—we would work out the right and that would go—now it has been done and I hope this acknowledgement may end the matter for all time. . . . To sum up—it was not until we read your letter that we thought that you were in the right and now that we see that you are, we want to come to the front, say so and apologize.

Hanchette ended on a note of appreciation for the instrumental role that John Sr. had taken in their overall financial planning: "You have done everything for us and I am telling you now that I understand it and do appreciate it." There the matter apparently rested.[22]

As one carefully reads this absorbing correspondence, a few discordant threads seem to remain. Emma and Fred Hanchette had a narrow agenda built single-mindedly around their need for income, and the Company's business was not very real to them. In truth, they continued to harbor festering discontents that would become the centerpiece of a major interfamily stockholder squabble nine years later. Austen Cargill and J. B. Taylor had held themselves forward to the Hanchettes as being somehow "with" them and having to push John Sr. to be more forthcoming with Company money. Yet, when the repair to the rupture was determined, Austen stood as one with John Sr. and, while perhaps more equivocal than the latter, nevertheless was just about as frank.

Balancing those tensions, the friendship of all of the members of the two families (with the single exception of the universal disenchantment concerning Will Cargill) permeates the correspondence. Aunt Maggie and Aunt Lydia, the Hanchettes and Austen Cargill essentially trusted the judgment and leadership of John Sr., and John Sr. reciprocated with just what he demanded of others, namely, the full set of facts tendered by him to others and received, in turn, by him in a frank and timely way.